

Nuclear ban motion backed by 59 councils

By Peter Evans
Home Affairs Correspondent

The Campaign for Nuclear Disarmament is winning support among local authorities, 59 of whom have backed a Manchester City Council resolution opposing nuclear weapons.

The resolution called on authorities throughout Britain to urge the Government to "refrain from the manufacture, possession or use of nuclear weapons... within the boundaries of our city", and asked them to make similar statements.

Further 34 local authorities have rejected the resolution. The issue will figure in the local election campaign in May. The nuclear campaigners are preparing a series of questions to be put to candidates.

Although few authorities are likely to have nuclear weapons positioned within their boundaries, the initiative from the Government, which plans soon to launch its campaign explaining the case for nuclear weapons.

Some of the authorities are challenging the Government's efforts to improve civil defence. Mr John Kott, deputy leader of the Labour-controlled council in Hackney, east London, has said: "We should not be doing civil defence at all. It is an absolute waste of time."

Mr Ted Knight, leader of the Labour-controlled council in Lambeth, has announced: "We are not in the business of kitting people that they can survive a nuclear holocaust."

They have been joined by the Metropolitan Borough Council in Rotherham. It has supported the Manchester resolution and called on the Government to ensure that the Kirklees share of the defence budget is used to create jobs for the thousands of unemployed people in the area.

Kirklees has also informed William Whitelaw, the Home Secretary, that it intends to take no part in civil defence contingency planning involving operations for a nuclear war.

At the council's emergency meeting for peace-time contingencies will continue.

If local authorities refuse to operate, Mr Whitelaw can take action under the Civil Defence Act, 1948. Regulations produced in 1949 lay down that if the Home Secretary, or a designated minister, is satisfied that a local authority has failed to discharge its civil defence functions he may remove himself or someone else to discharge them in the name and at the expense of the failing authority.

Action has been taken in the past against Coventry Council in 1954 and St Pancras Borough Council in 1957.

Stornoway fights to exclude the RAF and keep the sabbath

From Ronald Faux
Stornoway

Stornoway, the quiet capital of Galloway and the Western Isles, has suddenly discovered that it could occupy the front line in a Third World War. The airport there is strategically so well placed that the Ministry of Defence wishes to spend £40m on upgrading it as a reserve forward base for Nato.

The Western Isles Council and other objectors are strongly resisting the plan. A public inquiry into the planning application opened yesterday in Stornoway as the Keep Nato Out committee planned a ring of protest bonfires near the airport, reminiscent of the ancient way in which the clansmen were called to arms in times of threat.

Air Marshal Peter Baird, deputy commander-in-chief, headquarters Strike Command, and a deputy regional commander with Nato in Europe, told the inquiry why Stornoway is so attractive to the Forces.

It was the nearest airfield in the United Kingdom to the vital operational area of the Iceland-Faroes gap, he said. Stornoway's position allowed aircraft operating there significantly to reduce their reaction time to any Soviet air or sea activity.

It was already capable of being used as a fully operational airfield, but at present was not suitable for more advanced aircraft, particularly the Tornado.

The upgrading would mean adding about 1,500 feet to the runway and providing more

fueling facilities, strengthened hangars, and extra housing. In peacetime Stornoway would be a centre for Nato exercises, lasting up to a fortnight each, three times a year.

"Constraints on the defence budget do not allow funds for the RAF to operate Stornoway fulltime in peacetime. We have just enough facilities in Scotland for peacetime training, but not for wartime. But in wartime we must get our aircraft as close to the operational area as possible."

Questioned by Mr Charles Kemp Davidson, QC, Dean of Faculty, for the Western Isles Council, the air marshal said that exercises would involve round-the-clock flying seven days a week. Understanding would be reached about sensitive days, the sabbath, for instance.

"You can restrict flying to certain hours on Sunday, but not on Sunday altogether," counsel asked. Air Marshal Baird agreed.

The objectors have given a long list of reasons why the airport should not be developed further. There is a feeling that improving the base would bring an unacceptable level of noise and pollution and desecration of the sabbath. It is also felt that it would overwhelm parts of the community where a work camp was planned and cause a serious loss of good farmland.

Objectors also said that the rich variety of bird colonies would be affected and the chance of a serious accident would increase sharply.



Queen Elizabeth the Queen Mother with men of the 1st Battalion, Irish Guards at Chelsea barracks yesterday after presenting shamrock to them on the eve of St Patrick's Day.

Beauty created by new reservoir as water covers first 1,500 acres

The geography of the north Tyne valley in Northumberland is changing and new maps will soon have to be made by the Ordnance Survey. Only three months after the "plug" was put in for the impounding of the Kielder reservoir a surface water area of 1,500 acres has appeared.

By next year, when the impounding is complete, "Kielder Water" will be two-thirds the size of Windermere with a surface area of more than 2,500 acres.

Although there was much dissent during two public inquiries about the wisdom of, and necessity for, the £150m scheme, many local people and regular visitors to the area are already expressing excitement and pleasure at the beauty of the scenery being created.

The Northumbrian Water Authority and the Forestry Commission (which owned most of the land being flooded and which controls the surrounding forest land) are placing strong emphasis on the recreational by-product of the scheme, drawn up to ensure adequate water supplies to the industrial North-east into the next century.

All forms of water sports will be encouraged but controlled, and many dinghy sailors, yachtsmen and fishermen believe it will become one of the finest stretches of inland water for their sports in Europe.

The Kielder Water Club has already been formed and experimental sailing may take place this summer, although the full recreational facilities will not be open to the public until next year.

Wide concrete launching aprons for dinghies have been built at Leaplish, the best sheltered bay and 200 moorings are being laid for sailing and motor cruisers of up to 28ft. A six knot speed limit and a decibel level control of engine noise from boats will probably be imposed.

Regional report

John Chartres
Kielder,
Northumberland

One of the biggest users of both the water and land-based recreational facilities is likely to be the Scout movement, which is establishing a national centre providing for 40,000 "campers" a year.

A heavy influx of visitors is expected from Easter onwards; 135,000 people visited the information centre last year. Although caravan, camping and car park sites have already been built by the Forestry Commission and will be increased, the establishment of new hotel and self-catering accommodation in chalets or log huts still awaits agreements being drawn up with commercial developers.

Mr Brian Hibberd, district officer of the Forestry Commission, said that Kielder was never likely to be the place for people in search of sunbathers. "It is essentially a place for the fairly adventurous, for people who like open spaces, a certain amount of wildness and with an interest in all forms of wild life. It can be quite a harsh environment at times."

One cloud does loom over the environment being created, a

cloud of ceratopogonidae, or biting midges, which are apt to form on still and warm summer mornings and evenings.

Neither Mr Hibberd nor Dr A.J. McLachlan of the department of zoology at Newcastle upon Tyne University, who is an expert on the subject, can see any simple answer to a problem which recently moved a retired farmer to write a poem about "Those Kielder Midgies" in the newspaper published by the water authority.

Mass slaughter by sprayed insecticide would probably upset the balance of nature, Dr McLachlan said; and would in particular have a disastrous effect on the more benign cousins of the biting midges, the chironomidae, the non-biting midges which are a vital part of the diet of the fish in the area.

Mr Hibberd thought that most visitors would be able to tolerate the midges.

"They do not appear every day; sometimes we can get through nearly a whole summer without them being a problem," Mr Hibberd said.

"In any case, they are not really a peculiar local problem; midges swarm in many lakes and forest areas, particularly in west Scotland, Scandinavia and Canada, and people seem to learn to live with them."

Nevertheless, Mr Robert Allen, of the Glenside House at Bellingham, was moved to write in Kielder News: "Mankind has suffered from the ages. I'very plague an' storm; saint George felled dragons, an' young lambton slew his worm; but they've nivor fund champion yet to rid them o' yon swarm; U them bloody Kielder midgies!"

In brief

Lady Barnett's £458,182 will

Lady Barnett, the broadcaster, who committed suicide after a conviction for shoplifting, left an estate valued at £458,182 net in her will, published yesterday. Lady Barnett, aged 52, of the White House, Cossington, Leicestershire, left personal bequests worth £4,250 and the residue in trust to her son Alistair for life.

Other wills, page 14

Two remanded after alleged rifle theft

Barry Riley, aged 23, a Royal Marine, of Victoria Road, Exmouth, was remanded in custody until March 24 by magistrates at Wexford, Exeter, yesterday, charged with stealing a 7.62mm self-loading rifle and ammunition belonging to the Ministry of Defence. Robert Slade, aged 27, of Madeira Villa, Exmouth, was charged with receiving and was remanded on bail.

CB pirates warned

Mr Victor Gilbert, Chief Constable of Cambridgeshire, yesterday warned citizens and radio enthusiasts that illegal equipment would be confiscated and users prosecuted. Transmissions were a serious threat to police and fire service communications, he said.

Police beat crime

Eight police officers who went back on the beat at Beaulieu, Stoke-on-Trent, have cleared up 130 burglary and theft cases in two months. Mr Charles Kelly, Chief Constable of Staffordshire, is to extend the beat to five new ports.

Treasure trove award

Mr Graham Sully, aged 20, bulldozer driver of Taunton, Somerset, who unearthed 275 silver coins on a Taunton building site last summer, is to be paid £3,335 after an inquest jury declared them treasure trove.

Woman president

Miss Sally Kenney, aged 21, of Magdalen College, Oxford, has been voted the first woman president of the junior common room next term. An American, she is a graduate of Iowa University.

Spinster's body found

The body of Miss Elizabeth Wood, aged 54, has been found seven miles from her cottage in Monyash, Derbyshire. She was reported missing five months ago. Police said there were no suspicious circumstances.

Woman found dead

The fully clothed body of a young woman was found in Battery Park, Greenock, near Glasgow, yesterday. The police launched a murder inquiry.

Students to hold a new poll

Our Correspondent

Oxford University students have decided to hold a new election for the presidency of the Students' Union in May.

The abandonment of a poll a few weeks ago because of an action of ballot-rigging, plans to hold a new poll in five colleges, where evidence of ballot-rigging in favour of one candidate had been found, have been dropped.

Two students threatened union with legal action. They would seek a High Court injunction to stop the taking place. They claimed the election tribunal set up to investigate the ballot-rigging had no authority to call a new poll.

The election will take place on May 21, when it is intended to hold elections more minor union posts. It is not known yet whether all candidates in the previous election will be able or willing to stand again. At least two examination commitments, meanwhile it is possible that culprits who are alleged to have forged ballot papers at the disputed colleges will be caught.

Mr Morag McDermott, president of the union, said: "The tribunal has come dead stop on this. We are not going to get the university involved, because we feel that we'd be maintaining our own army, and the police would not touch it with a pole."

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Porter sentences urged ease crowding in jails

James Gibb, a magistrate, who were responsible for 56 per cent of prison cases imposed in 1979 change their sentencing. The National Association of Care and Resettlement Officers (NACRO) says to

briefing paper the association says that both magistrates and crown courts could substantially contribute to reducing pressure on the system by more use of custodial sentences and prison sentences for less serious offenders.

paper shows that in 1979, 1100 people were sent to the courts, of whom 100 were sentenced for indictable offences and those 100 were sent to the courts.

were sentenced to custody, and a further 17,000 were committed to prison for defaulting on fines. If fine defaulters were included, magistrates' courts were responsible for 56 per cent of people sent to prison that year and crown courts for 44 per cent.

But as magistrates could give sentences of only up to six months, the people they sentenced formed a much smaller proportion of the prison population, less than a quarter, according to 1979 prison statistics.

The average sentence length given to men of 17 and over in that year for all offences was 3.6 months in the magistrates' courts and 18.5 months in the crown courts.

The Relative Use of Imprisonment by Magistrates' Courts and Crown Courts (free from NACRO: 169 Clapham Road, London, SW9

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Pressure mounts for monopoly inquiry into 'Observer' deal

By Dan van der Vat
Lorho wrote to the Government yesterday asking permission to take over Britain's oldest Sunday newspaper, *The Observer*, as required by section 58 of the Fair Trading Act, 1973.

The application was addressed to Mr John Biffen, Secretary of State for Trade, who also yesterday received Mr Robert Anderson, chairman of the American oil company, Atlantic Richfield, the present owners of the paper, for talks about the proposed deal.

Confirming last night that the meeting had taken place and the application documents had arrived, the department said that Mr Biffen could be expected to make a statement soon. Interest is focused on whether he will refer the proposed takeover to the newspaper panel of the Monopolies and Mergers Commission.

The takeover cannot take place legally without Mr Biffen's written permission. The law requires him to refer it to the commission because the circulation of *The Observer* exceeds 500,000 copies a week. He may waive a referral only if he is satisfied that the paper is "not economic as a going concern" and "if the newspaper is to continue as a separate newspaper, the case is one of urgency". Both conditions must apply to justify a waiver.

The *Observer* is known to be losing money, which leaves the question of urgency. Mr Biffen waived a referral of the recent takeover of Times Newspapers by Mr Rupert Murdoch because the papers were losing money and the Thomson Organization had said it would close them this month unless they were sold by then.

Lorho, headed by Mr Roland "Tinu" Rowland, is opposed to calling in the commission, which would take up to three months to prepare a report.

Mr Paul Spicer, a Lorho director, said yesterday: "The delay would be damaging to the paper itself, and I do not suppose either party [buyer or seller] is prepared to put up with a reference if it is not required by the law."

Lorho believes a reference is unnecessary. Atlantic Richfield is understood to be anxious to conclude the deal as soon as possible.

Last month's unexpected agreement between Mr Anderson and Mr Rowland was not preceded by any public threat to close the paper. Its journal, which is still demanding a reference to the commission and have received the public support of such figures as Dr Conor Cruise O'Brien, the outgoing editor-in-chief, and Mr David Astor, the former editor, who is still a director of *The Observer*.

Planning powers are passed to inspectors

By John Young
Planning Reporter

The Government is to divest itself of responsibility for adjudicating on all but a small number of planning appeals, it was announced yesterday.

Regulations will be laid before Parliament, probably in June, transferring further powers to Government-appointed inspectors, from whose decisions the only appeal will be to the High Court.

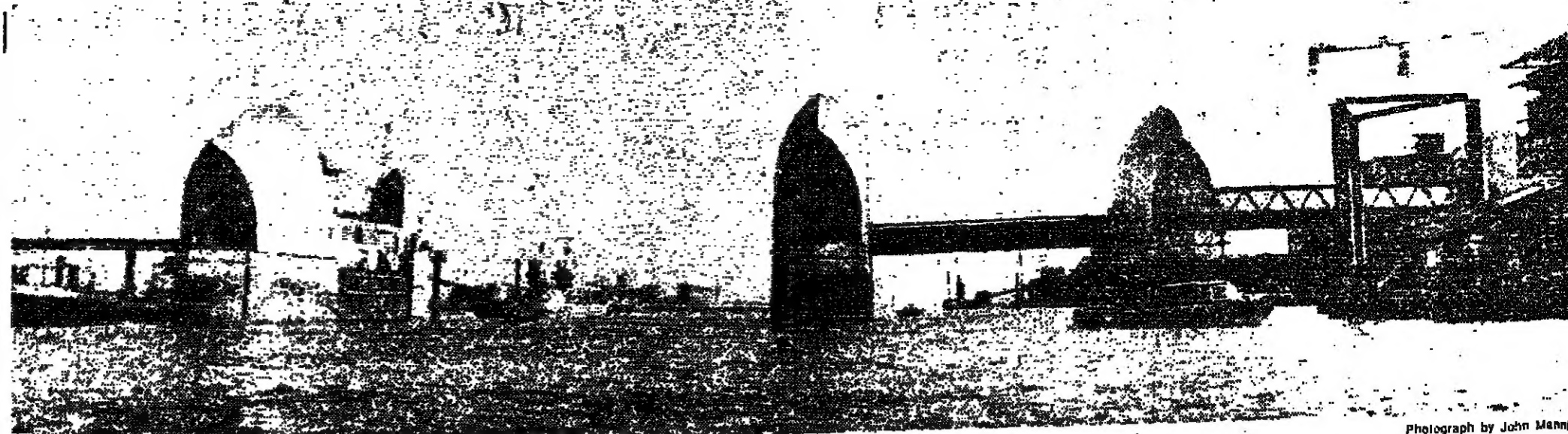
However, Mr Michael Heseltine, Secretary of State for the Environment, will retain the right to make the final decision in cases of national significance, or where there is a possibility of inter-departmental conflict, or where the sites or issues in dispute are considered to be of more than local interest.

Examples would certainly include the applications by the British Airways Authority to develop Stansted, by the National Coal Board to mine in the Vale of Belvoir, and by the Atomic Energy Authority to

make test drillings for the possible disposal of nuclear waste. They would probably also include large road schemes, which are the joint responsibility of the departments of environment and transport, and projects involving "sensitive" sites, such as the banks of the Thames in London, or where changes are proposed to outstanding buildings or landscapes.

At present between 1,500 and 2,000 appeals a year, approaching 15 per cent of last year's total, are decided by the Secretary of State. By adopting "a more discriminating approach" ministers hope to reduce the proportion to no more than 5 per cent.

Yesterday Mr Giles Shaw, Parliamentary Under-Secretary at the Department of the Environment, said that the campaign was already showing considerable results, and that the number of appeal decisions issued in the last six months of last year was 70 per cent higher than in the same period in 1979.



Photograph by John Mann

The Thames flood barrier under construction at Woolwich, showing three of the nine piers with their steel-clad timber roofs in position.

Whitehall brief: Industrial action by civil servants poses some sensitive defence questions Spectre of a 'fifth column' in unions that could sink Britain

By Peter Hennessy

A spate of newspaper reports last week on the disruption caused to signals intelligence stations and defence establishments by striking civil servants has raised once again the spectre of a "fifth column" in the British public that is particularly sensitive to the threat posed to the country by the Warsaw Pact.

The questions such people ask include: does a pro-Soviet "fifth column" exist in the British trade union movement, and is it prepared, in a period of international tension, to sabotage airfields and other key installations, thereby destroying "Nato's unsinkable aircraft carrier" as the United Kingdom is sometimes called, and could it give the Russians victory on a plate?

From a variety of sources in the British and American defence communities and the British trade unions, the answer to the second half of the question seems to be a firm "no", although the KGB resident in the Soviet Embassy in Kensington was not asked for his opinion. Whether such a potential "fifth column" exists at all is difficult for anybody outside M15 and the Soviet secret service to determine.

Such is the sensitivity of the subject in general, that nobody was prepared at the end of last week to talk about the subject "on-the-record". But a senior union official, with long experience of representing civil servants in defence establishments, said: "Clearly, if there is a period of international tension that is likely to result in an emergency, and lead to mobilisation, there is no question of the unions, or the workers, being the most loyal workers. There would be every support from the Civil Service in the event of war."

Asked if there were pro-Russian calls inside the Civil Service, the official replied: "None at all. That is totally ridiculous. If you do not think that is a fair answer, there are bound to be a number of 'nutcases' that have

to be locked up as in the last war, but they are not exclusive to the trade union movement."

Since the onset of the cold war, as sections of the Government War Book now available at the Public Record Office show, Whitehall has maintained detailed plans for "special security measures" inside the United Kingdom in any build-up to a future war with the Soviet bloc, including censorship and precautions against subversive actions and propaganda.

The war book is regularly revised under the supervision of a secret Cabinet Office group, the Transition to War Committee, chaired by Sir Robert Armstrong, Secretary of the Cabinet. Routine "tactical evaluations" in which senior officers descend without warning on military bases and airfields to announce, "You are now at war", normally involve, as part of their simulation of the real thing, a "fifth column" element.

Such "subversives" try to

penetrate perimeter fences for the purposes of sabotage. In the past, they have actually had the words "trade unionist" inscribed on the back of their donkey jackets, a practice halted when some sensitive soul in the Ministry of Defence decided it was less than tactful.

The Public Record Office files disclose another practice that is still standard today whereby members of M15 are involved in the deliberations of the Government's planning organization for the handling of industrial emergencies, the Civil Contingencies Unit, if it is felt that the unions concerned have a strong perspective on the subject of their membership.

For all such "doomsday" ingredients in the work of the contingency and war planning committees, who, by their very nature, have to prepare for the worst case, insiders in those worlds supported the view expressed last week by the anonymous Civil Service union official, agreeing that public servants would not be a cause

for concern if an emergency materialized.

As one experienced man put it: "The contingency planning you are talking about is much more for others in the trade union movement, though we think we could cope with them. But we do not think we would have any trouble from our own people."

What about the United States Government which has an enormous stake in keeping Britain's "unsinkable aircraft carrier" afloat? A Washington source, familiar with the United Kingdom, seemed equally calm last week.

"I doubt that it is a high priority target for the Central Intelligence Agency because the United Kingdom has such an outstanding war record. The United States Intelligence community does not focus on friendly countries. We would look on this as a British problem. It would take a hell of a situation before the United States Government made any representations to the British."

Navy may opt for cut-price frigate

By Henry Stanhope
Defence Correspondent

The Royal Navy is drawing up plans for a cut-price frigate because it will not have as much money as expected to carry out its shipbuilding programme. Proposals to meet the financial dilemma will be prepared before the next meeting of the Fleet Requirements Committee at the Ministry of Defence.

If the committee agrees, which seems likely, the Navy will cut short its expensive Type-22 frigate programme and switch to a new kind of ship, known as the Type-23.

The Type-22, or Broadsword class, of 3,550-ton ships, cost about £130m each, and six are either at sea under construction or about to be ordered. But the Type-23, which will include a towed sonar array for the detection of enemy submarines, will be a smaller, 2,800-ton economy version costing only half as much.

The Navy's main concern is to save money on individual ship design while preserving the total number of vessels. It also needs to find money for

a new class of conventional submarine to replace the present fleet of Oberon boats, and to replace the Sea King helicopter. The Navy will not have to meet the costs of the £5,000m Trident missile package on its own. But the need to build the four new nuclear-powered submarines to carry Trident will curtail its building programme for hunter-killer nuclear-powered submarines, because there is only one dockyard, Vickers at Barrow, capable of doing the work.

An alternative solution would be to reopen a second nuclear submarine-building capacity at Cammell Laird. But that would cost more than £30m and it is understood that Mr John Nott, Secretary of State for Defence, has decided against it.

All the Services are engaged on an economy operation before the annual long-term costings review in May, which Mr Nott has made clear will entail a fundamental examination of Britain's defence commitments.

Mr Nott's task is also complicated by the need to keep

two frigates or destroyers on station in the Gulf of Oman to safeguard British shipping interests during the Iran-Iraq war. Six ships are needed to fulfil that mission; two are always coming or going, and two are in Bombay for rest and recreation.

No decision has been taken yet on how long the warships with their supply vessels should remain in the area. But the officials have made clear that they welcome at least a token presence of the Royal Navy.

Senior officers, like those of the other two Services, are now believed to be drawing up proposals for future "cut-price" frigates, which Mr Nott can dislodge before presenting to the Cabinet.

That will constitute Britain's contribution to a so-called Rapid Deployment Force to protect Western interests outside NATO's sphere of influence. Mr Nott has made clear that he wants to get as much value for money as possible from future equipment purchases.

Labour threat to S African stake in North Sea

By John Huxley

An opposition spokesman on energy said yesterday that a future Labour government might revoke licences for North Sea oil and gas exploration granted to consortia containing a South African stake.

Mr Edward Rowlands, MP for Merthyr Tydfil, said it was a national disgrace that such interests were being allowed to buy their way into the North Sea. "Especially when one recalls the role of South African companies in evading and breaching sanctions legislation against the Smith regime in Rhodesia, passed by successive British governments."

"The Government should reconsider these licences immediately. If not, a Labour government will, I am sure, revoke them," he emphasized, however, that he could not commit the party to such a course.

Two South African companies have received shares in licences in the seventh round of awards made by the Department of Energy. They are: Chartered Consolidated, the British arm of the large South African mining conglomerate, Anglo American, and Union Oil Exploration, a British-registered subsidiary of Federal Mines, another mining group.

According to a report by the Anti-Apartheid Movement (AAM) circulated among MPs yesterday, altogether South African-controlled companies

are involved in six consortia awarded licences since the early 1970s. The others were in the fourth licensing round, made by the Conservatives in 1971-72.

Anti-apartheid officials met Mr Hamish Gray, Minister of State for Energy, and his colleagues in February to raise the question of North Sea licences as part of general discussions on oil supplies to South Africa.

Mr Michael Terry, its executive secretary, said: "With a growing stake in the North Sea, South African interests can both press for a change in British policy and allow North Sea oil to be sold to countries covered by the existing guidelines, then arrange for it to be re-exported to South Africa."

Under the present trade guidelines there is no mandatory embargo on oil sales to South Africa. However, there is a voluntary agreement whereby oil is sold into the European Community, to International Energy Agency countries, or to a handful of traditional customers, such as Finland. That precludes direct sales to South Africa.

Last night the Foreign Office said that participation in North Sea ventures was subject to normal commercial criteria, unrelated to the ultimate destination of oil found and subsequently produced. In any case, existing voluntary guidelines would prevent supplies being sold direct to South Africa.

Priest 'led bank robbery'

From Our Correspondent
Dublin

A Roman Catholic priest was cleared yesterday of being the leader of an armed gang which escaped with £45,620 in a bank raid in the west of Ireland in June, 1979. The priest, Mr John J. O'Shea, 35, from Enniscrone, Co Sligo, denied robbing the Bank of Ireland in Ballina, Co Mayo, and forging insurance documents and car hire rental forms.

The prosecution said he was due to appear for trial in February, 1980, but failed to answer

ball. He was apprehended last July and had been in custody since.

The court was told that Father O'Shea pretended to be an American tourist when he hired a car in Dublin. Some days later five men burst into the bank at 8.30 am, held up the staff and the manager, a young man and forced them at gunpoint to open the safe.

The priest was arrested later that morning. When he appeared in Sligo District Court, he was recognized by bank staff, the prosecution said.

The case continues tomorrow.

Nationalists turn on Scottish Labour Party

By a Staff Reporter

The Scottish Labour Party's call for a Scottish assembly with legislative and tax-raising powers was criticized yesterday by the Scottish National Party.

Mr James Fairlie, the party's vice-chairman for policy, said: "Labour's devotion costs money. Independence is free."

He said that in the Labour scheme the Scots would have to pay twice over in taxes "for the sake of a piddling assembly with few real powers."

The Labour Party shielded away from the real issue of who has control over Scotland's oil and gas resources. If a Scottish parliament could raise revenue from those, there would be no question of double taxation.

Mr Fairlie added that whatever the Labour Party in Scotland said or did was in any case of little importance because the English party took the final decisions.

Parole as way of cutting prison population

By Peter Evans
Home Affairs Correspondent

Extending the use of parole to shorter sentences is one of the options that Mr Whitelaw, the Home Secretary, is seriously considering as part of his campaign to reduce the prison population.

I think that is somewhere definitely where I might take action," he told the Home Affairs Select Committee of the House of Commons yesterday. More details are expected in the review of the parole system to be published about Easter.

But another idea, increasing remission, might lead to an increase also in the length of sentences, he said.

Mr Whitelaw expressed disappointment that the prison population, which had dropped during the prison officers' dispute, was now again more than 43,000. The accommodation was designed for 39,000.

He described that as a human problem of daunting propor-

tions. It was difficult to maintain humane standards of treatment, he said. To bring prisons up to date would cost about £1,000m. Each prisoner now cost on average about £7,000 a year.

Mr Whitelaw made plain that he was still looking to the courts to cut sentences of non-violent offenders and not send so many to prison.

Written evidence from the Home Office said that halving the sentences of all non-violent offenders given less than four years would cut the prison population by about 8,500. If that happened, 12 prisons in poor condition might be closed.

Mr Whitelaw said the Government had a programme which would produce an increase of about 5,000 prison places in the 1980s. Even if the population was much lower than it was now, such a programme would be needed to replace the prisons which were wearing out.

The trial continues today.

Court clash over plea to reimpose restrictions

Paul Vickers, aged 46, a surgeon, and Pamela Collison, aged 33, a political researcher, were remanded for a week yesterday at Gosforth Magistrates' Court, jointly charged with the murder of Mr Vickers's wife in June, 1979.

An adjournment was granted after the magistrates refused applications by defence solicitors to reimpose reporting restrictions lifted at the request of Miss Collison's solicitor at an earlier hearing. They took more than half an hour to reach their decision.

When it was announced, Mr Gavin McKenzie, for Mr Vickers, asked for an adjournment while he applied to a High Court judge. He said he would make the application today, and if leave was granted the matter could be heard this week.

The magistrates agreed to an adjournment until next Monday, and the pair were given bail to appear then.

Mr Vickers, of Moor Crescent, Gosforth, and Miss Collison, of Margaret Road, New Barnet, Hertfordshire, arrived separately for yesterday's hearing. Mr McKenzie, asking for restrictions to be reimposed, said they had been lifted originally

at the request of Miss Collison in October, when the pair were charged separately with murdering Mrs Vickers.

In December they had been charged jointly with murder. Mr McKenzie said that although the two sets of proceedings were clearly linked enough to be joined together, it did not alter his view that before the application to lift restrictions was made there were two separate proceedings.

He told the court: "In relation to the joint charge, no application has been made for the lifting of restrictions. What happened before December has nothing to do with these proceedings."

He said Mr Vickers had never asked for the lifting of restrictions, and Miss Collison had not asked to lift them since the charges were made joint.

Mr William McKenny, chairman of the magistracy, said: "This court takes the view that the two accused are charged jointly, and the proceedings are subject to the initial lifting of reporting restrictions."

He said the order made lifting restrictions applied to the complete

'Knockout' man cleared of murder charge

John Colin Wallace was cleared yesterday of a charge of murdering Mr Jonathan Lewis, an antique dealer, at Lewes Crown Court. But Mr Wallace, who has admitted in a trial at Lewes Crown Court, "out having a relationship with Mr Lewis's wife, still faces a manslaughter charge.

Mr Justice Kilner Brown withdrew the murder charge against Mr Wallace, aged 37, information officer with Arun District Council, Sussex, after hearing legal submissions.

His decision came on the Wallace, of Dalloway Road, tenth day of the trial of Mr Arundel.

He is alleged to have killed Mr Lewis, aged 29, after falling in love with Mrs Jane Lewis when they worked together organizing the J's Knockout television programme filmed at Arundel last July.

Mr Wallace was said to have placed him into a car boot and knocked Mr Lewis unconscious, then dumped him in the Arun. But the judge said yesterday that beyond question the cause of death was drowning. Mr Lewis was alive when he entered the water.

Former policeman offered young criminal partnership in crime, court told

From Michael Horsnell
Middlesbrough

A former London detective sergeant offered a young criminal a partnership in crime supported by a network of corrupt policemen, Teesside Crown Court at Middlesbrough was told yesterday.

It was alleged that a former police sergeant, John Symonds, told the criminal: "Always to let me know straight away if you need anything, because I know people everywhere, because I'm in a little firm in a firm."

"Don't matter where, anywhere in London I can get on the phone to someone I know I can trust, that talks the same as I."

Mr Symonds, aged 45, has pleaded not guilty to three charges of corruption involving a total of £150.

The Crown alleges that in 1969 he obtained money from Mr Michael Perry, from south London, who was at that time a criminal, as a reward for helping him over an arrest.

Mr Symonds, who was committed on bail for trial in 1972, left the country and returned only last year.

Tape recordings said to have been made by Mr Gareth Lloyd

and Mr Julian Mounter, reporters on *The Times*, of meetings between Mr Symonds and Mr Perry, when money was handed over, were played to the jury.

Later Mr Lloyd, who is now a BBC television reporter, said in evidence that *The Times* initially retained the master tapes when documents were handed to Scotland Yard because the newspaper did not trust the police.

Mr Geoffrey Rivlin, QC, for the Crown, said Mr Symonds offered Mr Perry a "licence" to commit crime.

He added that when *The Times* published its expose the matter was investigated for Scotland Yard by Det. Chief Supt Bill Noody. But Mr Noody would not be called to give evidence because he was sent to prison in 1977 on corruption charges involving pornography.

Mr Rivlin described three meetings between Mr Perry, then aged 23, and Mr Symonds, who was based at the time at Camberwell police station.

A tape recording of the first meeting, at which counsel said, Mr Perry gave Mr Symonds £50, was of poor quality, but at the second meeting, observed

Brain-stem death criteria in court case

By Nicholas Timmins

Two cases in the Court of Appeal involving conviction murder, due to be heard today may lead to the first legal test for the concept that brain-stem death is equivalent to death of a patient. They also provide the backing of law for the British criteria which brain-stem death is defined.

The cases, which are being watched with intense interest by doctors and lawyers, turn on the determination when death occurs, something that is scarcely defined in English law.

An appeal against an application for leave to appeal in two cases where the conviction was maintained that doctors in treating the victim including the turning-off of support systems, were not in the deaths.

The practice of most doctors is to accept that death of brain-stem, which controls breathing, heart-beat and capacity for consciousness, inevitably result in the death of the patient.

Once the criteria for establishing that the brain-stem death has occurred as laid down by the conference of the medical royal colleges, have been met, the patient is declared dead.

Although the royal colleges are confident that the procedure will stand the test of the cases before the Court of Appeal are the first in which a patient will have undergone detouring in the courts. Doctors maintain that full tests, for example, an electroencephalogram (EEG) measurement of brain activity in higher, thinking, parts of brain are necessary.

Dr Ian Kennedy, reader in law at King's College London said yesterday it seemed to him that the court would conclude that the definition of death was for it to decide a matter of law. That would provide the first clear definition of death in English law.

Students reject by colleges 'in their thousands'

By Our Education Correspondent

Thousands of prospective students were turned away from colleges all over the country last year, according to a survey by the National Association of Teachers in Further and Higher Education (NATFHE) today.

Three quarters of the 14 branches in some 100 colleges reported that they could meet the demand from suitably qualified students.

More than half of the students unable to find a wanted vocational course subjects such as engineering, accountancy, retail studies and nursing.

The main reasons given for turning students away were lack of space, inadequate facilities, cuts in teaching staff, and the refusal of grant students to study outside local authority.

Mr Peter Dawson, general secretary of the union, said: "This is a scandal. It is time colleges were given proper resources."

By the two reporters, results were obtained. Mr Symonds got into Perry's car when they met in Dulwich. The vehicle had fitted with two recording devices.

Mr Rivlin said that Symonds, who accepted second £50 payment. "Round here, anytime you can give you a licence, might want to do some more help. We can sort of things."

"If it was big I would with you. You can't have better insurance than that you?"

Mr Symonds said he arranged distractions such as false alarms to clear the way of police while Mr Perry tried out his criminal act. If anything went wrong could arrest a "mut" offences committed by Perry.

At a third meeting an £50 was handed over, coaxed.

On another occasion, Rivlin said, Mr Symonds said: "We have got villains in our game that have got in yours."

The hearing continues.

Simpson



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Pentagon visited by South African intelligence officers

From Ray Kennedy
Johannesburg, March 16

The United States Embassy in Pretoria said today that it had no idea that five South African intelligence officers had been in Washington.

The five are reported to have entered the Pentagon and to have briefed National Security Council officials before they were turned away by the State Department.

There has been no official comment by the South African Government over what is probably regarded as something of a coup in obtaining a hearing from key conservatives in the Reagan Administration before the confirmation of Dr Chester Crocker as head of African affairs to Mr Alexander Haig, the Secretary of State.

The American Embassy in Pretoria, in tones of extreme hurt, said tonight: "We do not know that these men were high-ranking military officials. They were issued with visas on the basis of three diplomatic Notes which identified them only as government officials. The Notes said they were going to Washington for consultations with the South African Embassy."

The statement does not stand close examination. The South African mission, headed by Lieutenant-General P. W. van der Westhuizen, head of military intelligence, included Admiral W. N. du Plessis, naval staff officer, intelligence, and a former South African defence attaché in Washington.

Admiral du Plessis was expelled from the United States in 1979 in retaliation for South Africa's expulsion of two United States Embassy officials after the ambassador's private aircraft was found to have been fitted with a "spy" camera.

South Africa claimed that the aircraft had been used to photograph "sensitive installations" and it is generally considered that the object of its photographic reconnaissance was to investigate what South Africa has been up to in the field of nuclear energy.

In the normal diplomatic

shake-up, after a change of Presidents, Mr William Edmondson, the present American Ambassador to South Africa, a Carter man, has tendered his resignation and it has been accepted. It would seem others might follow.

Mr John Fisher, president of the American Security Council, a private and very conservative Washington body which is said to have notified the State Department that it intended to invite senior South African intelligence officers, was reported here today as saying: "We really are in trouble if our embassy in South Africa does not know who these people are."

Meanwhile, in a separate development, the American embassy in Pretoria denied today that either President Reagan or Mr Haig had promised to meet Mr Dirk Mudge, who leads a South West African delegation from the Democratic Turnhalle Alliance Party (DTA) at present in the United States.

The visit is seen as an attempt to lobby conservatives to support the attitude of the Pretoria-backed DTA after the breakdown of the Geneva talks and South Africa's expulsion from the United Nations General Assembly debate on Namibia (South West Africa).

The embassy in Pretoria released the text of a letter from Mr Lannon Walker, acting Assistant Secretary of State for Africa, to Mr Mudge.

It said the Reagan Administration was reviewing its approach to southern Africa, including the Namibian issue, and would consult all interested parties. The DTA delegation was asked to delay its Washington visit until the review was completed, but this did not preclude direct talks.

The embassy statement today said there had apparently been a misunderstanding over Mr Walker's letter, but that "specifically neither President Reagan nor Secretary of State Haig promised to meet with Mr Mudge at a future date. No appointments with DTA officials have been scheduled."

Zimbabwe Army sent to work with civilians

From Stephen Taylor
Salisbury, March 16

Former guerrillas recently absorbed into Zimbabwe's integrated National Army were working side by side with people in the countryside to restore the economy and develop natural resources, Mr Robert Mugabe said in a broadcast today.

While there has been speculation in recent months that units of the Army, which has already taken in about 20,000 former guerrillas and is growing at the rate of 3,000 every month, would be used on reconstruction projects, the Prime Minister's speech was the first official indication that such a measure is to be adopted.

White MPs of the Rhodesian Front have been sharply critical of a government pledge that has enabled every guerrilla to get a place in the National Army. The MPs assert that this would result in an army of more than 50,000 men which the country has not the need for or the resources to sustain.

Mr Mugabe's statement was the second on the Army to be made by a senior member of the Government in the past few days. Mr Emmerson Mnangagwa, the Minister of State in the Prime Minister's office, confirmed at the weekend that

15 integrated battalions had been formed under British training since the middle of last year.

The statements are apparently designed to reassure the public that the integration process is back on course and the Army is stable. The final clashes last month in which more than 200 people were killed. The clashes involved soldiers in three battalions and former Zipra and Zania guerrillas who are yet to be integrated.

A commission has been set up to establish the causes of the violence and apportion blame.

Mr Mugabe said tonight: "Our army is an army of the people... it is here to serve the State Government, not the interests of any minority or the selfish pursuits of individuals."

He added: "The day has passed when the people feared the sight of a soldier. Today every soldier in the Zimbabwe National Army must extend the hand of friendship to the people and respect (their) wish for continuing peace, law and order."

People had the right to expect that their protectors were disciplined. Anyone who was mistreated or threatened by a member of the Army should report it through established channels.

Britain fails on EEC farm spending limits

From Our Own Correspondent
Brussels, March 16

Sir Geoffrey Howe, the Chancellor of the Exchequer, failed today in an attempt to persuade EEC Finance Ministers to set limits on the growth of agricultural spending, which at present swallows 70 per cent of the Community's budget.

The only support for Sir Geoffrey came from Herr Hans Egon Hartmann, the West German Finance Minister, who agreed that it was vital for the annual growth in farm spending be kept "markedly below" that of the Community's revenue sources.

Sir Geoffrey and Herr Hartmann also agreed that the increase in EEC farm prices should be kept below the level of inflation and that the binding 1 per cent limit on the rate at which value added tax can be levied to finance EEC policies should not be raised.

But it proved impossible to get the other Ministers to agree to a declaration setting out guidelines of this kind for Agriculture Ministers who today held their first full debate on his year's farm price settlement.

Mr Peter Walker, the British Agricultural Minister, and his EEC colleagues are hoping to reach agreement on the 1981-82 farm price package during a five-day meeting at the end of this month. The Finance Ministers do not meet again until April 6 and could be faced with a fait accompli.

Correction

The Foreign Legion was named to serve exclusively outside France and not inside France as was stated in our story about their 150th anniversary which appeared on March 1.

Soviet Union battles to save its greatest lake

From Michael Binyon
Moscow, March 16

Nowhere has the fight for the Soviet environment been more hotly or publicly fought than at Lake Baikal, the largest, deepest and once reputedly cleanest lake in the world.

But despite a series of increasingly tough laws to protect what is known as the "Pearl of Siberia" from pollution, many environmentalists fear that the interests of local industry are so entrenched it is almost too late to save the beautiful lake.

Lake Baikal, stretching the

equivalent of the distance between London and Edinburgh, is a natural phenomenon long prized by Soviet naturalists and tourists. A fifth of the world's fresh water is concentrated in this great cleft in the earth, fed by 336 rivers in central Siberia.

The dense forests and the moss of the taiga filter the melting snow, catching impurities, and about 90 per cent of all precipitation seeps down into the rock and is again filtered before entering the lake.

But Lake Baikal is now the centre of a rapidly expanding

industrial zone, where the growing exploitation of minerals and timber has brought a burgeoning population. A new trans-Siberian railway is being built close to the northern shore and extensive damage has been caused by the burning of forests, pollution of streams, and destruction of grass cover.

This damage is especially serious because of the delicate ecological balance in the extreme Siberian climate. If a tree only six inches in diameter is destroyed, it takes between 150 and 170 years to grow another of the same size. The

area's rivers have only a tenth of the self-purifying capacity of the Volga or Don.

Ten years ago the Soviet Government passed laws to protect the lake's basin. Three years ago further restrictions were laid on the big pulp and cardboard works, the main source of pollution of the lake.

Industrial effluents had to be demineralized or converted to non-toxic substances, and by 1985 the factories were to change over to a closed water-supply system.

However, last year *Pravda* said violations by the paper mills were more frequent than

ever, and the local city of Slyudzanka discharged poorly treated sewage into the lake and increased shipping brought oil and pollution.

Other factories were still pouring toxic substances into the rivers that flowed into Lake Baikal, and rafts of two million cubic metres of timber a year passing down the lake left behind hundreds of tons of organic compounds.

New petrol storage depots, originally temporary, have not been made permanent, despite a decree in 1966 that no new industrial plants should be built near the lake.



Munich squatters being evicted from an uninhabited house by police on Sunday night.

Battle begins for control of W Berlin

From Patricia Clough
Bonn, March 16

What promises to be a mighty battle for political power in West Berlin opened officially today as the city's House of Representatives voted to dissolve the legislature two years before time.

The unanimous vote formally cleared the way for the elections on May 10, which were brought on by a political crisis caused by a building scandal involving ruling politicians.

The House will still meet occasionally on a caretaker basis to adopt federal West German laws, which do not

automatically apply to West Berlin, and to debate a report by the committee investigating the scandal.

Germany's political parties are preparing to pull out all the stops during the two-month campaign, because the outcome of the elections—which is far from certain—is of critical importance to the federal Government.

If the Social Democrats and Free Democrats are toppled after 35 years of almost uninterrupted power, it will be seen as the beginning of the end for the trouble-ridden Social Democrat-Free Democrat coalition in Bonn.

Herr Eberhard Diepgen, the opposition Christian Democrat floor leader in the House of Representatives, called today for a "democratic change" after the scandals and malpractices of recent years.

Herr Alexander Longolius,

his Social Democrat counterpart, retorted that the change had already taken place with the arrival of Herr Hans-Jochen Heidecker, the former federal Justice Minister, to take over as Chief Burgomaster.

Herr Vogel, considered the most likely successor to Herr Heidecker as Chancellor, was sent to Berlin in a desperate attempt to clean up the city Government and avert defeat at the elections.

A group of young people who interrupted the session today by shouting demands for the release of failed squatters were a reminder of a potentially explosive situation which could affect the elections. With more than 100 buildings occupied by squatters, and an estimated 10,000-12,000 sympathizers prepared to take to the streets, West Berlin has become the capital of West Germany's squatting problem.

Pakistani prisoners mainly Bhutto men

From Hasan Akhtar
Islamabad, March 16

The Pakistani Government today released the names of 27 of the 54 political prisoners swapped yesterday for the hostages on the Pakistani airliner at Damascus airport. The list indicated that most of those released belonged to the Pakistan People's Party of Mr Bhutto, the executed Prime Minister.

The most important of the released prisoners was Dr Chaudhry Hussain, who was secretary-general of the People's Party until it was dissolved by the martial-law regime in October, 1979.

It is expected that a list of the remaining 27 prisoners will be issued by the Government tomorrow. Newspapers in Pakistan have been supplied by the Government with photographs of the released prisoners and brief accounts of the charges on which they were held or convicted. According to the list, a number were members of students' organizations and the Sindhi Freedom Movement, and were held on general charges of working against the Government.

Also among the prisoners was Mr Munir Ahmad Warraich, a former naval officer who served in the Pakistani Foreign Office under Mr Bhutto's rule. Mr Warraich was arrested in September last year, convicted by a general court-martial earlier this month, and sentenced to 14 years' imprisonment. The charges against him were not officially stated but he was believed to be involved in alleged arms smuggling.

According to the official list, seven were being tried for their part in firing on an anti-Bhutto rally in Rawalpindi about eight years ago resulting in about a dozen deaths. 21 were charged with sabotage and arms smuggling, five were held on charges of murder, two for alleged espionage and conspiracy against the state, and eight for causing disaffection against the Government in the armed forces. Eight were charged for clandestine printing of what was described by the Government as subversive literature, while three were detained for unspecified unlawful activity.

The first list of 27 prisoners was released today after yesterday's broadcast by President Zia ul-Haq that he would expose the men involved in what he called a conspiracy against Pakistan.

Hostages bound for Mecca

Bahrain, March 16.—More than 100 hijackers held for 10 days on the hijacked Pakistani airliner arrived in Saudi Arabia from Damascus today to offer special prayers at Mecca, seat of the Islamic faith.

They had routine medical examinations at a hospital on arrival, Saudi Arabia's summer resort city, and then were driven to a luxury hotel and treated to a lavish meal, Pakistani officials said.

The Pakistanis, including the crew of the hijacked Pakistan International Airlines Boeing 720, were released in Damascus after the three hijackers surrendered to Syrian authorities and an aircraft carrying 54 prisoners from Pakistan touched down in the Syrian capital.

The pilot and crew of the Boeing, which was hijacked on March 2 during an internal Pakistan flight, flew the passengers to Mecca.

The Pakistani officials said the passengers were guests of the Saudi Government, which has also undertaken to fly them to Mecca and Medina in Saudi aircraft.

Uncertain fate: The three hijackers and the 54 prisoners freed by the Pakistani Government remain in Syrian custody. The prisoners were being held in the airport hotel and the hijackers at an undisclosed location. There is still no clear idea of what will happen to the hijackers, or the prisoners. Syria has yet to grant them asylum (UPI reports from Damascus).

Arab anger at latest West Bank land grab

From Christopher Walker
Anatolia, March 16

The Israeli Government's rush to construct new Jewish settlements in advance of the June general election has run into violence and fierce legal controversy as a rocky Samaritan hillside outside this occupied West Bank town.

Mukhtars from three neighbouring Arab villages claim to have been informed by an Israeli officer on March 8 that about 400 acres in the area was being declared "state land" and taken over by the military Government. Any Arab with a claim to ownership was given 21 days to present his case to a military appeals committee.

According to villagers, two days after the announcement, an Israeli bulldozer arrived to start digging a long access road to the remote site of the proposed settlement, one of seven on which work commenced last week.

Already the new dirt road is over 700 yards long, running directly through fields planted with almond and olive trees, and divided by a number of old stone walls apparently demarcating local ownership. It was able to inspect the site today while Israeli officials with pistols in their belts worked around us with surveying posts.

"What is the point of giving us three weeks to appeal about certain of our lands, when they have already started work on a road to the site which we are appealing about," asked one local Arab municipal official. "Can they believe that we imagine that they are building this road to nowhere?"

The military Government claims there is a distinction between the land being used to build the access road to the new settlement, Shavei-Shimon B, and the land on which the houses will be constructed.

Because the road is listed as a "public need" the land on which it is being built is confiscated with compensation offered and no right of appeal. The land earmarked for the settlement proper, which is intended to house more than 30 Jewish families by June, is claimed as state land, leaving the opportunity of appeal.

Incensed by the construction of the road prior to the appeal hearing, local Palestinians have already stoned the Israeli construction workers and attempted to stop the work by lying under the bulldozers.

A protest march of 300 land-owners and Arab villagers at the weekend was forcefully broken up by Israeli troops and all local Palestinians have been barred from the site by military order. Some farmers claim angrily that this prevents them looking after their crops.

Clown back in race for presidency

From Ian Murray
Paris, March 16

Egg, or it may have been custard pie, was smeared all over the collective face of the Paris press corps in the Théâtre du Gymnase this afternoon by a clown. Contrary to what most of the journalists present—including your correspondent—had been saying, M Michel Colucci, alias Coluche, is definitely not withdrawing from the presidential campaign.

His eyes twinkled mischievously behind his little round glasses as he made the announcement to a near-packed house. He had caught the press, at least figuratively, with its trousers down and he obviously enjoyed the joke.

Unusually for the press in France, journalists had arrived in time for the press conference announced by Coluche. He explained the reasons why he was quitting the campaign. When the red velvet curtain rose, there he sat at a plain wooden table covered in microphones, with just enough space for a pizza, a plate of spaghetti, and a bottle of mineral water. His mouth was full.

Waving a pizza-laden fork he confessed that he had lied. "I would stop, in fact I cannot," but this is the only method that I have found in order to stop the ban of which I am the object on radio and television."

He explained why he was eating. This was because he wanted everyone to see him enjoy his last meal before he began a hunger strike. He would not eat again until he was invited to appear on the main political radio and television programmes.

Man in the News

Overlord at pirates' oriental lair

Sir Murray MacLachlan, who has announced that he will not serve a further term as Governor of Hongkong, is the last of the great proconsuls. Other men governed larger and grander overseas territories, but none succeeded in reversing the tide of history.

From India to Fiji, viceroys, governors and high commissioners were appointed to preside over the dissolution of the British Empire, but since 1971 Sir Murray has helped to transform Hongkong from an entrepôt for foreign trade with the China coast to a manufacturing centre ranking among the world's top 20 exporters.

No less noteworthy, the Colony's future has been secured for the foreseeable future. Peking is content to leave this capitalist island in a communist sea to pursue the quick buck.

Indeed, it has joined in the pursuit with an enthusiasm which would have surprised Marx, Lenin and Stalin. Obviously the Chinese Government has good reason to permit the Union Jack to fly over what it regards as Chinese territory, but Sir Murray MacLachlan made possible this odd, but mutually profitable, arrangement.

His diplomatic training and experience explain his repeated successes, which culminated in his official visit to the Chinese capital in 1979. His foreign postings included Bangkok, Prague, Wellington, Paris, Saigon and Copenhagen, as well as a spell as political adviser in Hongkong, but they do not explain his success as a colonial administrator.

Labour politicians visiting the Colony have complained about the absence of democratic government, apparently unaware that Peking could not tolerate a third Chinese government. Others have condemned corruption, vice and other excesses.

All this is true. Hongkong is the modern equivalent of a pirate's lair, which is why it is exuberantly alive, but Sir Murray and his expatriate officers have created one of the most enlightened colonial administrations in history.

Public housing, health and education have steadily improved, as have legislation and social services to prevent exploitation and abuse.

It has not been easy. Since 1946 the population has grown from 600,000 to nearly five million. Illegal immigration from the mainland was mainly possible, but Hongkong also attracted the "boat people" fleeing from Vietnam.

Corruption was endemic and efforts to reduce it nearly brought about a police mutiny. For one grim moment, a breakdown in law and order seemed inevitable, but Hongkong survived as an undamaged location. Shrewd men in Government House and his lieutenants.

One reason was that the Governor knew that he was not running a new town in the Home Counties, that Hongkong would always be a pirates' lair attracting adventurers and crooks as well as capital. Another was that he enjoyed life and Hongkong immensely.

I find it hard to believe that at the age of 65 he will be content to return to farming in Scotland, or that Hongkong will see his like again.

That said, Sir Jack Carter, who has been appointed Hongkong Commissioner in London, and Sir Philip Hadden-Cave, Chief Secretary, are also old China hands. Each of them would be a worthy successor, although presumably someone in the Diplomatic Service also sees himself as another of the last proconsuls.

Community praises Spain

From Our Correspondent
Brussels, March 16

Welcoming the "firm and energetic response" of the Spanish Government and people to last month's attempted coup, EEC Foreign Ministers announced here today that they intend to "intensify" negotiations with Spain on its application to join the Community.

This assurance was given after talks with Señor José Pedro Páez Llorca, the Spanish Foreign Minister, who appealed for a more

"dynamic" approach to the negotiations and a "renewal of faith in the future of Spain". Señor Páez Llorca said that the observance by Spanish public opinion of real progress in the entry negotiations in the coming months would be a positive factor for the stability of democracy in Spain.

The negotiations have become difficult because of the problem of integrating Spanish agriculture. The French have argued that there can be no agreement on Spain's entry terms until the EEC's internal reforms have been completed.

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Amnesty hopes scotched

From Our Correspondent
Hongkong, March 16

Hongkong's Secretary for Information, Mr Alan Scott, has ridiculed the prevalent rumour among Chinese in Canton that the Queen will grant a limited amnesty for illegal Chinese entrants to Hongkong to mark the marriage of the Prince of Wales to Lady Diana Spencer.

Sir Jack Carter, Chief Secretary, visited Canton last week to discuss tighter cooperation in the prevention of illegal immigration across the border.

Apparently his visit strengthened the amnesty rumour which many potential illegal immigrants have been believing and circulating.

Strike called off after Polish officials resign

Radom, March 16.—Free trade union leaders in this Polish industrial city have called off a two-hour regional strike set for Wednesday, the state radio said tonight.

The radio quoted the local Solidarity leader Mr Andrzej Sobieraj, as saying the decision had been taken "in view of the partial fulfilment of our demands by the authorities".

The Solidarity national leader, Mr Lech Walesa, had earlier appealed to workers in Radom not to strike, saying he was confident that the Government would send a delegation to negotiate their demands.

The official news agency PAP said tonight that Mr Zdzislaw Kwietniak had been elected first secretary of the Communist party in Radom to replace Mr Janusz Prokopiak, one of three local officials whose removal Solidarity had sought. It said Mr Prokopiak had offered his resignation so as not to be a source of local conflict.

The Governor of Radom has also resigned and union officials said tonight they were waiting for the local police chief to go.

Hundreds suffer at hands of Syrian police

Continued from page 1

said, 11 local men had been arrested by the police in Hama and taken down to the banks of the Orontes River just outside the city where they were machine-gunned to death, apparently in retaliation for the murder of a police officer.

When a Baathist youth leader was assassinated and his official chauffeur wounded last month, the police had killed 18 local people in revenge, according to the Hama refugees.

Another police arrest operation nine months ago. "I could not see what happened from a window," he said. "The secret police had lined up hundreds

of young men against a wall near the centre of the city. They were whipping them with wire coated in black plastic and there were men on the ground with their legs broken. They were being kicked and they were screaming."

"Why didn't anyone report that these things happened? There are thousands of Hama people in prison now. Why doesn't Amnesty say something or go something to help?"

The Hama residents here said that posters printed by the Muslim Brothers used to appear in mosques in the city but that they have seen none in the months before they left. They said that the authorities were particularly suspicious of

assassinations in the city had been carried out by two doctors who were brothers. They had both been killed subsequently in a gun battle but since then five other doctors had been murdered by the police, the residents claimed.

Eight doctors had left Hama in fear of their lives together with "thousands" of ordinary people who had fled to West Germany and the United States.

They spoke consistently of three initial periods of mass arrests between Easter and August last year and said these were followed by shootings and murders by the police on an average of once every two days.

Families of suspects were singled out for official retribution, he said. On four occa-

sions, when the Special Forces had trapped suspects in their homes and they refused to surrender, the paramilitary force had destroyed the houses with rocket-propelled grenades.

Several of the Hama residents referred to a Syrian Special Forces colonel who had commanded the paramilitary police in the city during some of the past nine months. He had a brutal reputation, they said, and was promoted in January and sent to command a Special Forces unit in Beirut.

Here, they said, he was assassinated by Hama people together with four other members of the Syrian security police.

From the accounts given here the Syrian regular Army appears to have been involved in the events in Hama.

Impromptu Khomeini talks fail to end Iran political dispute

Tehran, March 16—Ayatollah Khomeini, the Iranian leader, is to set up a three-man reconciliation committee and ban public speeches by political leaders.

In a statement read over national television, the ayatollah avoided taking sides in the dispute between President Abolhasan Bani-Sadr and the dominant Muslim fundamentalist Islamic Republican Party, which started with factional violence at a mass rally addressed by the President.

He said all Iran's main public figures and bodies were legally in office and that it was forbidden to insult or weaken them; but he reminded them that they were subject to the constitution and that they could face public exposure and trial if they did not obey it—Reuters.

Referring to recent violence, Ayatollah Khomeini said: "Since during speeches by the President, the Prime Minister, the head of the Supreme Court and the Speaker of the Majlis (Parliament), deviated groups have created disturbances, it will be better if they give no more speeches until the end of the war. Interviews are, however, not forbidden."

His statement also authorized

the three-man committee to study newspapers, and if any two of them found a newspaper objectionable, to denounce it to the judicial authorities. Newspapers supporting the rival groups had recently carried articles and denunciations that may have increased tensions.

Bitter rivalry: Mr. Mehdi Bazargan, the former moderate Prime Minister whose only official position at present is that of parliamentarian deputy, was surprisingly included in the talks, (Tony Alloway writes).

He appears to be lined up behind President Bani-Sadr, who also attended.

With them were the Islamic fundamentalists, the bitter political rival, the Prime Minister, the Chief Justice, the parliamentary speaker, and a religious leader.

Also in the talks was Hajatollah Ahmad Khomeini, the ayatollah's son, who has increasingly supported the President recently.

Political observers, who had been extremely puzzled by the ayatollah's public silence on the controversy, now suggest that he has become tired of his customary routine of delivering judgment from on high.



Bath-time distress in a refugee camp in San Salvador.

Christian Aid urges EEC to resist US pressure over El Salvador

By Jacob Eccleston

Dr Kenneth Slack, the director of Christian Aid, yesterday appealed to EEC foreign ministers, who meet in Brussels today, to resist American pressure and provide food and money for civil war victims in El Salvador. "There is quite appalling human need, and we ought to do all we can to meet that need," he said.

Speaking in London on his return from a three-week tour of Central America and Brazil, Dr Slack said the war was "an uprising against the intolerable—an intolerable situation that has gone on for a very long time. Christians in El Salvador, he said, had made it clear that the guerrillas fighting the American-backed Government were not merely terrorists.

Christian Aid reported that it had given nearly £150,000 in relief aid over the past 14 months, and that a special fund had raised £40,000 for El Salvador in the past two months. The money was given to an ecumenical organization, the Christian Aid Relief Committee, which was set up to feed thousands of people displaced by the war, many of them widows and orphans.

In addition to a brief visit to El Salvador, restricted because of the rigid local curfew and "the personal danger to our colleagues there," Dr Slack and Mr George Gelber,

Christian Aid's project officer for Latin America, had talks with Christians in Nicaragua, Guatemala and South America.

Many of those he met in Guatemala, he said, talked in terms of that country becoming the next El Salvador. "The liberality of the regime is bound to lead to an increase in guerrilla activity," he reported.

Commenting on American opposition to the continued supply of emergency relief aid, Dr Slack said Christians in El Salvador regretted President Reagan's attitude because it would buttress the Government.

To stop giving aid now would be to pander to the Reagan Administration's inability to recognize that Christian witnesses of total integrity testified to the fact that the military people of El Salvador faced greater terror from government forces than from anyone else, he said.

Commenting on his visit to Nicaragua, where he had discussions with leaders of the Sandinista Front, Dr Slack said it was clear there was a strong desire to benefit from the Christian presence in the revolutionary Government.

Election plea: A Roman Catholic clergyman said on Sun-

day that a negotiated solution to El Salvador's political violence was still possible and urged the Government to carry out a promise to hold elections in 1982.

Father Manuel Torruella, celebrating Mass in place of the acting Archbishop, Mgr Arturo Rivera y Damas, at the central cathedral in the capital, said a "just, political option" was still possible.

He said that despite public distrust the ruling junta should push ahead with its plans for holding democratic elections in 1982.

At least 58 people died in political violence at the weekend—UPI.



Dr Slack: 'Appalling need'.

Viola visit marks human rights change

From Patrick Brogan
Washington, March 16

General Roberto Viola, the President-designate of Argentina, is in Washington on an official visit in what is seen as a demonstration of the change in the American approach to human rights in South America. The Reagan Administration's perspective differs sharply from that of Mr Carter.

This is the first visit of an Argentine head of state—or designated head of state—since President Frondizi came here in 1961, apart from President Videla's brief appearance at the time of the Panama Canal treaties in 1978.

On that occasion the leaders of a great number of South American republics came to Washington to pay brief courtesy calls on President Carter.

The visit of General Viola, who succeeds President Videla on March 28, is much more substantial. He is seeing Mr Alexander Haig, the Secretary of State this afternoon and will meet President Reagan tomorrow afternoon.

Argentina, according to the State Department, has one of the worst human rights records on the South American continent. The military Government repressed civil disorder and left-wing terrorism with extreme ruthlessness.

The State Department publishes annual lists of the state of human rights in various countries—a practice which will probably stop.

President Reagan and Mr Haig have said repeatedly that suppressing international terrorism is the most effective contribution the United States and its friends and allies can make to furthering the cause of human rights.

They have already suspended the sanctions invoked against Chile after the murder here of Senator Orlando Letelier, an opposition leader.

Kissinger view: Dr Henry Kissinger, the former United States Secretary of State, yesterday said the fighting in El Salvador was not comparable to that in the 1970s.

"The guerrilla movement is not nearly so far advanced as in Vietnam, Vietnam has 10 times the population of El Salvador and El Salvador lacks a powerful neighbour like China to supply arms," he said at San Juan airport, Puerto Rico.—UPI.

Unifil men killed in shelling of village

From Our Own Correspondent
Beirut, March 16

In one of the most serious attacks on United Nations troops in Lebanon since they first arrived in the country three years ago, Israeli-backed Lebanese militiamen today shelled the village of Kanana, killing two United Nations soldiers and wounding 11 others.

The bombardment, which lasted an hour and came without any warning, was centred on the United Nations' Nigerian installation area and all the United Nations soldiers were Nigerian. Two regular Lebanese soldiers—part of a force of 30 sent from Beirut last week—were also wounded.

Soon afterwards, Major Saad Haddad's militia shelled the Dutch battalion area, firing projectiles around the village of Yater, but the Dutch reported no casualties.

There was no reason given by Major Haddad for these assaults—although he said the purpose of his bombardments over his Country and Western radio station—"The Voice of Hope", but it seems certain he was trying to discourage the Lebanese Government from sending more regular troops to southern Lebanon.

Although the Lebanese decision to place troops within the United Nations' area of control in the south has received American support, Major Haddad has consistently opposed this policy. When the first regular soldiers moved south in 1978, Major Haddad's men shelled them. The shells are furnished by the major's Israeli suppliers and are of American manufacture.

Israeli died in south Lebanon today dismantling a booby-trapped object, the military command announced here. It said Israeli sappers crossed the border this morning, in response to a request by the Lebanese.

Formidable Irishman has task of restoring UN morale in south Lebanon

From Robert Fisk
Kana, Southern Lebanon
March 16

The first thing you notice about Major-General William Callaghan is his extraordinary face. It looks a little like a skull, with two penetrating eyes above two high, massive cheekbones that stretch his skin taut like a drum.

His effect is only slightly ameliorated by the giant, bear-like ears on each side of his head. With his ponderous stride and gleaming blackthorn stick, he looks a formidable man. As the new commander of the 6,000 United Nations troops in southern Lebanon, he needs to be just that.

He likes the no-nonsense approach. "Now, let me tell you something," he began gruffly. "If you are going to be as pessimistic as you are in your series of United Nations articles in *The Times* last year, I'm not going to do this interview." Then he rather spitefully asked: "I haven't upset you, by saying that?"

Without getting any promise of optimism, he waited for the first question. He knows that people expect a lot from him because of the morale of the United Nations Force in Lebanon (Unifil) has been steadily declining in recent months and United Nations officials have been talking rashly about the tough new Irish general who is going to replace Major-General Haddad's men moving in southern Lebanon.

General Callaghan is Irish, all right—his Cork accent cuts through every word he says—but he is really all that forceful a figure. "Judgments are being made," he said. "I'm quite clear who I am. Generals are not unlike women who purchase style—they like it to be admired when worn rather than seen beforehand in the wardrobe. I believe in good professional clothing."

He looked up to see if the metaphor had been appreciated—he had clearly used it many

times before. Indeed, General Callaghan has had plenty of experience as an international soldier. He was a company commander in the Irish United Nations battalion in the Congo in 1961, served three tours of duty with the United Nations in Cyprus, and was Acting Chief of Staff of the United Nations Truce Supervision Organisation on the Israeli-Syrian border in 1978.

He has been in Lebanon long enough to know Unifil's problems, although he remains deceptively mild about them—for the present. "Our main problem," he said, "is lack of cooperation by the participating parties across the board, with the exception of the Lebanese Government."

"Participating parties" means the Israeli-backed army of Major Saad Haddad, the Israelis themselves, and the Palestinian leftist militias.

"I'm talking about cooperation on a specific day-to-day level," General Callaghan said.

That last phrase was as far as General Callaghan wanted to go in blaming the Israelis for Unifil's predicament. Like a newly appointed headmaster, he seemed anxious to let the more unruly boys know that he had his eye on them without actually naming names.

But he was equally reticent about the notion that Unifil's peace-keeping mandate should be turned into a peace-enforcement role and that the United Nations should use its strong-arm methods to extend its control of southern Lebanon down to the Israeli frontier. Peace enforcement, he said, necessitated a "disposition to casualties" by the countries sending soldiers to Unifil. It was clearly an area into which he did not wish to delve too deeply.

What did he have in mind to strengthen Unifil's hand, I asked? He lent across the room the skin tight over those intimidating cheekbones, and rapped out: "Just you wait and see."

Cancellation of opposition rally raises new problems for US policy

Sandinista tactics stir fears of totalitarianism

From Michael Leupman
New York, March 16

An opposition political rally in Nicaragua was cancelled yesterday after supporters of the ruling Sandinista Front had burnt down the house of the party leader. The incident will encourage fears that the country is moving towards a totalitarian socialist regime and adds a further complication to United States policy in central America.

The rally had been planned to mark the first anniversary of the formation of the Nicaraguan Democratic Movement by senior Alfonso Robelo, for many years a member of the junta which took power after the Sandinistas ousted General Somoza in July 1979. Senior Robelo later formed his own party because of his worry

about the junta's drift to the left.

After some hesitation, the junta had given permission for yesterday's rally. But Sandinista supporters took the law into their own hands by burning down the house of the party leader. The incident will encourage fears that the country is moving towards a totalitarian socialist regime and adds a further complication to United States policy in central America.

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MEPs react to protests on spending

Strasbourg, March 16.—In the mounting campaign against overspending by the European Parliament, Signor Marco Pannella, an Italian member, has produced figures showing expensive receptions and extravagant accommodation costs.

Signor Pannella's campaign, which he says he will follow up with advertisements in newspapers published in community countries, paid for out of his £45,000 annual salary, has provoked a flurry of activity.

The 17-member executive bureau of the Parliament announced this week that parliamentary delegations would travel together on charter flights in future, instead of flying individually and first class. They would confine themselves to visiting capital cities, and would not move about as tourists.

Parliamentary delegations which have recently visited Sierra Leone, Colombia and Australia have called press conferences to explain their spending, and a delegation leaving for South-East Asia next month has cut down its itinerary.

According to figures produced by Signor Pannella, the Parliament spends about \$500,000 a year on receptions, £204,000 on hiring cars for its members and more than £15,000 on cleaning its premises.

Delegations themselves argue that their size and expense are justified by the importance of their work. "We do not dispute Signor Pannella's figures," a parliamentary spokesman said, "but we believe that it is necessary to maintain our contacts with countries which have important agreements with the EEC."

Signor Pannella has singled out the Parliament's relations with the 60 African, Caribbean and Pacific nations linked in trade and aid agreements with the EEC. He noted that when their meetings were held in Luxembourg or Brussels, attendance was paltry, but members thronged to attend meetings in the overseas countries.

In brief Mauritania coup attempt fails

Algiers, March 16.—The military Government in Mauritania said today it had defeated an attempted coup organized by Morocco. One leader of the abortive coup was killed and another captured. Both were Mauritanian opposition leaders living in exile.

Mr Sid Ahmed Ould E'Neijara, the Prime Minister, said in a broadcast monitored in Dakar that a suicide commando attacked the Government and presidential headquarters this afternoon. Six other people were killed—Reuters.

MPs get to grips in Kashmir Assembly

Delhi, March 16.—A fist-fight broke out between members of the Opposition and Treasury benches in the Legislative Assembly in Kashmir today.

The fighting followed heated exchanges between the two sides after the Speaker, the Assembly President, refused to admit a motion seeking to censure the Government of Sheikh Muhammad Abdullah. No one was seriously hurt—Agence France-Press.

Iranian jet hijacked

Ankara, March 16.—An Iranian Air Force C130 transport aircraft was hijacked today by a military officer seeking political asylum in Turkey, Ankara authorities said.

The officer was only identified as a group captain. There were 12 people on board the aircraft, which was diverted to Turkey.

Egypt backs rebels

Cairo, March 16.—Egypt tonight officially confirmed for the first time that it was supplying arms to rebel forces in the Sudan.

Details of the Egyptian supplies, the Foreign Ministry said it was not prepared to "tell secrets."

Islanders sue US

Washington, March 16.—The people of Bikini Island, the Pacific atoll evacuated in 1946 to make way for United States nuclear tests, moved the United States today for \$450m (£203m). They claimed that Bikini was taken over unlawfully.

Seal death protest

Ottawa, March 16.—About 200 chanting protesters from Europe and North America marched by torchlight to Canada's Parliament last night to demand an end to the killing of seal pups off Newfoundland.

Census in Sri Lanka

Colombo, March 16.—Sri Lankans were told today to tie up their dogs, stay awake and remain indoors tomorrow night so that 10,000 census enumerators can count them and their homes.

Surinam plot foiled

Paramaribo, March 16.—The Surinam Government said today it had foiled an attempted coup yesterday in which an army sergeant who led the plotters had been killed.

Famous names likely to appear in actress's case against tabloid

From Ivor Davis
Los Angeles, March 16

Five years ago the *National Enquirer*, a racy weekly tabloid that sells millions of copies in supermarkets across America, carried a gossip item about one of the country's most popular entertainers, Miss Carol Burnett, the comedy actress.

The article said that a "boisterous Burnett" had a "loud" argument with Dr Henry Kissinger, the former Secretary of State, at a fashionable Washington restaurant, later "traipsing" around the place, spilling wine on another diner.

"Not true. A complete fabrication," declared Miss Burnett, who said she had denied such an incident took

place even before the newspaper private.

A month later the newspaper published a retraction; but this week Miss Burnett took her seat in the front row of a Los Angeles court and prepared to testify in a \$10m (£4.5m) libel case she has brought against the Florida-based publication.

A number of famous personalities, including Dr Kissinger, are expected to be called as witnesses. In the Hollywood film community the trial is also being closely watched by several other celebrities who have libel suits pending against the *National Enquirer*, a newspaper which has built an impressive circulation (four million sold, but a "pass on" readership of 18 million) by running salacious stories purporting to be the

inside truths about celebrities' private lives.

Those with suits pending include Linda Barty, wife of best-selling author William Peter Blatty; Rory Calhoun, an actor; Marty Ingels, an agent; and his actress wife, Shirley Jones; Phil Silvers, a comedian; Rudy Vallee, a former big band leader; Jane Powell; and Dr Max Shapiro, former dentist of Elvis Presley.

Never before has the *National Enquirer* been taken to court in a libel issue. In previous years there have been settlements out of court.

Miss Burnett, realizing she is something of a banner carrier for her celebrity colleagues, says she is determined to go through with the case.

Commenting about the newspaper's retraction, she said: "It is tantamount to being struck by a hit-and-run driver. You are in the hospital and they send you a bouquet of crabgrass."

Her suit, seeking \$5m punitive damages and \$500,000 general damages, claims that the newspaper had maliciously and knowingly published false information that subjected her to "great upset, shock, mental suffering, emotional distress, shame, humiliation and embarrassment."

The suit argues that the wording of the item gave the impression that Miss Burnett was drunk at the time.

The *National Enquirer's* lawyers have said a retraction was published. The trial by jury is expected to last about three weeks.



Carol Burnett: "Not true."



Dr Kissinger: Likely witness

Gunman takes girl hostage in Moscow flats siege

From Michael Binyon
Moscow, March 16

An elderly Russian armed with a gas seized a small girl hostage this morning in a block of flats in Central Moscow and shot and wounded two people before police seized him.

The incident, lasting three hours, took place in a block mainly inhabited by foreigners a few miles from the Kremlin on Prospekt Mira (Peace Avenue). Eye-witnesses said the whole area was immediately sealed off while police and businessmen took to the streets and jeeps parked nearby.

According to a correspondent living in the block, the man barricaded himself and the girl in the building and shot and wounded a man who appeared to be the girl's father when he tried to approach.

The police ordered foreign diplomats and businessmen to stay indoors. Eventually a tear-gas grenade was fired into the flat, police in flak-jackets stormed in, and the man was led away, apparently unhurt.

Foreign television cameras were prevented from taking pictures, and the police refused to comment beyond saying the man was "de-ranked". The motive appears

Saskatchewan minister for Whitehall talks

By George Clark
Political Correspondent

Making the first of what he expects will be a series of direct approaches to the British Government and Parliament by the Canadian provinces opposed to Mr Pierre Trudeau's constitutional proposals, Mr Roy Romanow, Deputy Premier and Minister of International Affairs in Saskatchewan, will put his Government's objections to Mr Nicholas Ridley, Minister of State for Foreign and Commonwealth Affairs, tomorrow.

It is the first formal meeting between representatives of a provincial Government and the British Government over the constitutional package which the Canadian federal Government will send to London for endorsement by Parliament early April. Usually relations between Canada and the United Kingdom are conducted through the Canadian High Commission.

It is expected that many more dissenting provincial governments will make direct representations. Mr Romanow will also see Mr Denis Healey, the shadow Foreign Secretary, deputy leader of the Labour Party, and Mr Denzil Davies, MP for Llanelli, another front-bench spokesman who is dealing with the expected Canadian request.

Last-minute doubt over Spanish divorce Bill

From Richard Wigg
Madrid, March 16

Months of effort by Señor Francisco Fernández Ordóñez, the Justice Minister, to give Spain a divorce law like other West European countries, will reach a decisive stage tomorrow when the Bill goes before Parliament for approval.

But 24 hours before, the ruling Centre Democratic Union (UCD) was still arguing whether to permit divorce by mutual consent. Its leaders had been obliged to go back on a draft permitting it, agreed in the committee stage, after an anti-divorce campaign by the Roman Catholic Church.

The battle between the progressive and traditionalists is seriously troubling the country and the Government, only weeks after an abortive military coup and at a time

when Señor Leopoldo Calvo Sotelo, the Prime Minister, wishes above all to reassert the Government's authority.

The divisions within the UCD obliged Señor Calvo Sotelo to restrict himself to expressing personal approval for the Divorce Bill favoured by the Justice Minister, who comes from the party's Social Democratic wing. But in an effort to split the UCD, the Prime Minister emphasised that the parliamentary party would take the final decisions.

Señora Calvo Sotelo, the Prime Minister's wife and mother of eight children, recently told a woman's magazine that she was also in favour of introducing divorce in Spain.

The UCD was founded as a non-confessional party but, stimulated by the Church, the Christian Democratic wing has

lately been increasingly active. Since Mr Antonio Innocenti, the Nuncio, arrived here in January he has made clear that the Pope's instructions are to stop the introduction in Spain of a divorce law.

After much activity by the Christian Democrats against the Justice Minister's Bill—described as permitting "a Las Vegas-style divorce in Spain"—Señor Oscar Alzaga, one of their parliamentary leaders, last week tabled a series of amendments. These would remove as grounds for divorce a six-month separation by mutual consent.

These amendments, which the bishops' conference publicly denigrated, had inspired, back to a Bill proposed by an earlier Christian Democratic Justice Minister dropped by Señor Adolfo Suárez in Sep-

tember last year when he brought in Señor Fernandez Ordóñez to get a modern divorce Bill on the statute book.

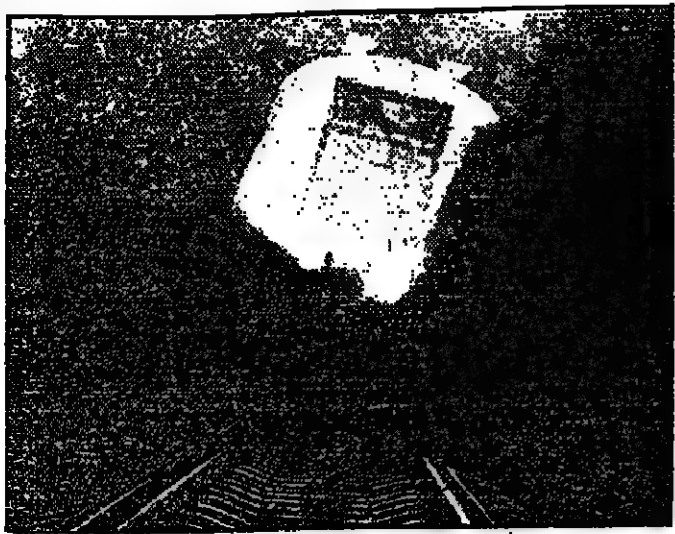
The Catholic hierarchy has come under sharp criticism for its latest attitude after having adjusted to the inevitability of a modernization of Spanish society in numerous other fields.

Advertising campaigns, conferences and pressure on MPs have all been used in recent months to swing Catholic opinion against the divorce Bill. Participating in one such conference at the weekend, a Madrid theology professor gave this warning: "God has created the institution of marriage. To separate marriage from the dictates of natural law is to allow oneself to be caught up in the temptations of bestiality."

Some of the notices on this page are reprinted from yesterday's later editions.

Transfer payments

Mr Leon Brittan, Chief Secretary to the Treasury, in a written reply, said: In 1980-81 it is estimated that transfer payments of all kinds will account for some 44 per cent of the public expenditure planning total.



The advanced passenger train at speed.

A rough ride for the tilting train

Will the latest setback to British Rail's 160 mph Advanced Passenger Train (APT) finally spell the demise of this potential worldbeater that obstinately refuses to come right?

The tilting aerodynamic train that was to revolutionize BR's inter-city service in 1978 has been delayed repeatedly by one technical fault after another and the best achievable deadline for entry into passenger service, May 1986, is now pushing uncomfortably close to the requirement for new stock for newly electrified inter-city services—assuming, as everyone now does, that the Government will shortly approve BR's massive £1,000m bid for electrification of 80 per cent of its main lines—in the mid-eighties.

The APT is the much more advanced, electrified successor to the fairly conventionally-engineered High Speed Train (HST) already in service on the East Coast and Western main lines. Though both are now restricted for commercial reasons to 125 mph in service (the APT was designed for twice that speed) the HST would in practice take half an hour longer from London to Glasgow because of its slower acceleration and cornering.

Abandonment of the APT now and its replacement by a hurriedly cobbled-together electric version of the HST would be a severe blow to BR's inter-city competitiveness against air travel in the late '80s and '90s. But if the latest problem—the danger that approaching APTs locked at full tilt might collide at certain pinch points along the track—were not soluble it would indeed be the end of APT, safety being the *sine qua non* of rail travel.

There seems no reason why this latest problem cannot be quickly solved given adequate engineering input. But that is

where doubts arise. Will that input be provided?

This train has had its opponents from the start, when conventional railway engineers were suspicious of the bright young men from aerospace who pioneered the new project. It was a case of engineer versus scientist, and HST versus APT.

But in the mid-seventies, some of APT's best ideas were incorporated into HST, greatly improving that vehicle; APT was handed over to the engineers for final development; and the doubters among operating and commercial staff were (apparently) finally converted to APT. It looked as if this strange new baby was finally accepted as part of the BR family.

But the way new problems keep arising, and taking an unconscionable time to solve, suggests that there are still serious doubts about APT whatever British Rail may say.

Clearly the train is a remarkable advance—the biggest single step ever taken by a railway, British Rail happily boasted some years ago—bristling with state-of-the-art engineering problems.

So even when the engineers eventually get the nuts and bolts right, there will remain the formidable burden of passenger acceptance of a train that tilts like a toboggan as it hurtles round bends. Have British Rail tried to go too far too fast? Or alternatively, have they failed to provide the engineering input and commitment that so large a step required?

British Rail have put an awful lot into APT and left a suitable alternative dangerously late. But the option of a more conventional fast electric train for the late eighties has to be looked at seriously in the light of APT's alarmingly recurrent setbacks.

Michael Bailey

Transport Correspondent

Johannesburg
This election will be the most *verkrampste* (hardline) ever fought in South Africa, remarked Dr Connie Mulder, former Minister of Information and now leader of the small but rapidly expanding National Conservative Party (NCP). "This time the challenge to the Government is clearly coming from the right and not from the left."

Few observers would disagree that the real contest in next month's general election will be between the ruling National Party and the white supremacist parties to the right of it. Mr Pieter Botha's Government has already moved sharply to the right in an attempt to fend off this right-wing challenge. "It is a contest between the *verkrampste* and the *super-verkrampste*", remarked one commentator. "The Progressive Federal Party will hardly get a look in, even though it is the official parliamentary opposition."

Lined up against the National Party is a formidable array of right-wing forces. The most important is the Herstigte Nasionale Party (HNP) led by Mr Jaap Marais, a brilliant orator and equally skillful party organizer. The HNP is putting up 32 candidates to stand against Nationalists and has also reached an informal arrangement with Dr Mulder's party not to contest seats which the NCP is fighting.

The NCP will be fielding about 12 candidates and a third right-wing organization known as *Aksie Eie Toekoms* (Action Own Future), which was formed a month ago by a group of disaffected right-wing academics, will put up two candidates.

Ranged behind these parties are right-wing extremist groups

It was inevitable that the *Moscow Olympics*, like all those of the modern era, would produce a substantial harvest of books. Most of them, of course, deal with the contest itself, describing and recording the running and jumping and swimming and throwing. But it was no less inevitable that these particular Games, which in the nature and significance of their non-athletic aspect could compare with only one previous Olympic gathering, would lead also to a very different kind of study.

So indeed they did, and the result lies before me: Christopher Booker's *The Games War* (published by Faber at £5.95). Mr Booker went to Moscow for the *Daily Mail*, which newspaper, in common with others that had edi-

torially supported the boycott (and no British daily or Sunday did so more vigorously or consistently), was in something of a difficulty. If, as the *Mail* did, you decline for months on end that no decent person ought to set foot in Moscow for the totalitarian *Sportfest*, while the aggressors remained in Afghanistan and threatened Poland with invasion, you are in no difficulty if the boycott works and the Games are called off.

But, as we know, that did not happen. The *Mail* was then in the position of having to choose between its principles and its sales; if it had refused to cover the Games, its rivals would have been able to steal a march on it, but if it sent its reporters what became of its admirable stand and its advice to the athletes? Much could be done (and, as I recall, was) with the argument that it is a newspaper's duty to report what happens, and that this does not imply approval; but it was perhaps felt that this was not quite enough. So in addition to its excellent sports writers the *Mail* engaged Mr Booker to go to the Olympics and write about the Games, thus neatly inverting the old plot in which the fallen girl's immoral earnings pay for her virtuous sister's piano lessons.

As it turned out, the *Mail's* Ian Wooldridge, who had been opposed to the boycott, rose to the occasion in a notable manner (as anyone who knew his work would have expected, incidentally); it was his first dispatch from Moscow, that nearly got the paper's team thrown out, not Mr Booker's. But the provenance of this book is unimportant; what matters is that the *Mail* had the wisdom to send its author to the Olympics with a simple brief: "Just record impressions of whatever catches your eye." Mr Booker, interpreting this to mean what ever caught his eye, his ear, his mind and his spirit, did the

South Africa goes to the polls on April 28. Will the right-wing backlash reported by our Southern Africa correspondent Nicholas Ashford bring gains for the hard-line supporters of apartheid?

which have been responsible for bombing the offices of liberal Afrikaner academics and targeting and feathering a radical professor. Although there is no direct link between these extremist groups and the right-wing parties, their activities have demonstrated to the Government the strength of the right-wing backlash.

The HNP, NCP and the right-wing academics share two beliefs. The first is that the "integrationist" policies being followed by the present Government will lead inexorably to eventual black majority rule—a situation which the overwhelming majority of South African whites wish to avoid.

The second is that they believe themselves to be the true upholders of National Party principles as laid down by the original architects of the country's apartheid policy. They maintain that Mr Botha (and Mr John Vorster before him) is responsible, largely as a result of international pressure, for leading the party away from its chosen path.

A right-wing backlash has been forecast ever since the HNP broke away from the National Party in 1969, but until now it has never materialized. During the 1977 election the party received only 34,000 votes compared with 689,000 for the National Party and it has yet to win a parliamentary seat. However, a swing of between 20 and 30 per cent in recent by-elections has made the party confident that there is an unstoppable groundswell of

white opinion against Mr Botha's administration.

"People are leaving the National Party in droves", said Mr Marais in an interview. "There is one national cry among whites and that is that the Government is selling us out. They are only concerned about blacks and are doing nothing for whites."

The swing to the right is strongest among blue collar workers, particularly mine workers (several senior officials of the mine workers' union are standing as HNP candidates), and among farmers who are worried about the Government's plans for consolidating black tribal homelands.

Mr Marais displays the same sort of messianic zeal and oratorical skills at election meetings as the Rev Ian Paisley does in Northern Ireland. And he is equally adept at exploiting the fears and prejudices of his white supporters. His language can often be offensive.

"This is the biggest *kafferbait* (half-breed) government in the world", he told a recent election rally.

Mr Marais attacks the Government on three main issues. First he is violently opposed to the fact that South Africa supplies food and other essentials to countries like Zambia and Mozambique which harbour anti-South African guerrillas. "People find it incomprehensible that we go on helping these countries while over 700 of our boys have been killed on the border and our defence budget is over 2,000m

rand (£1,200m) a year."

His solution is to cut off all supplies to black states, and if that does not work to bomb them into submission. That way, he believes, the white man in Africa would regain the self-respect which he has steadily been losing ever since states to the north started getting their independence.

His second criticism is against the changes in petty apartheid and the introduction of other social reforms which blacks have denounced as being "cosmetic". The Government, he says, is gradually abolishing those measures which led to the creation of separate facilities and is promoting integration instead. "This is getting under the skin of people. He is opposed to multi-racial sport, the opening of hotels and restaurants to blacks, the removal of job reservation and the establishment of black trade unions."

"The general intermingling of races is now being extended to the political sphere", he says. Finally, Mr Marais is opposed to the Government because of its economic policies. "Money is being taken from ordinary whites, transferred to blacks and then turned into profits for his concerns. In this way the Government is achieving its aim of economic equality between blacks and whites. This will be followed by social equality and ultimately by political equality", he argues.

Dr Mulder shares many of the HNP's misgivings about the direction of Government policy but, having been exposed to international opinion when he

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By trying to move too fast Mr Botha has "messed up everything that the National Party had achieved during the previous 25 years", he says of his former Cabinet colleague, who only narrowly beat Dr Mulder in the contest for Prime Minister in 1978: "He's going to receive the surprise of his life in this election."

He rejects accusations that his aim is to split Afrikanerdom, for long considered the ultimate horse by the country's ruling Afrikaner elite. He blames deviantist National Party policies for provoking such a split. He foresees white policies moving away from the traditional basis of Afrikaner versus English-speakers to a straightforward right-left confrontation.

The last test of the extent of the right-wing swing among white voters will take place in the huge Waterberg constituency where Mr Marais is challenging the present incumbent, Dr Andries Treurnicht, Minister of State Administration and standard bearer for the powerful *verkrampste* group within the National Party. Most outsiders would be able to detect little difference between Mr Marais' white supremacist views and those of Dr Treurnicht. But according to Mr Marais this contest will show who is "the true representative of Afrikaner nationalism".

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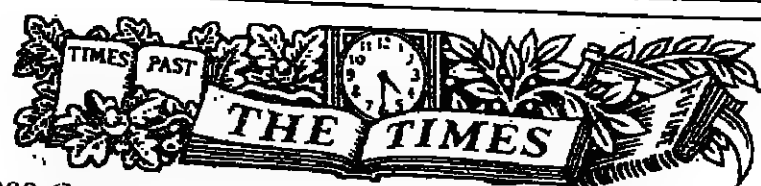
Now UDT, backed by the strength of the TSB Group, is fully equipped to expand its services in every sector of credit, while continuing to accept deposits from private and commercial sources.



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AN IRRELEVANT INQUIRY

It is a long-standing principle of British government that the Budget should remain shrouded in secrecy until the Chancellor rises to his feet in the House of Commons. This principle is based on the belief that the premature and selective disclosure of his intentions may give an unfair commercial or financial advantage to companies or individuals. To some extent that remains true, but to nothing like the degree that conventional wisdom would suggest. That is true in that Budget leaks may prove to be politically embarrassing. On this occasion the Prime Minister has been inconvenienced by the reports appearing before Budget day in some Sunday newspapers, particularly *The Sunday Times* and *The Observer*. That is why she has now ordered a security inquiry into the leaks.

But there is a world of difference between causing political embarrassment to the government of the day and damaging the national interest. It had not previously been suggested that these disclosures had damaged the national interest, especially as they were not the only premature disclosures of the Chancellor's intentions. Mrs Thatcher herself had earlier indicated that the standard rate of income tax would not be raised. Nor is this the first time in the life of this Government that Budget details had become public in advance. Attention has focused on these disclosures

now essentially because of the other controversy over whether the full Cabinet should have been told earlier of Sir Geoffrey's Budget strategy.

As a means of dealing with the Government's own internal difficulties a security inquiry is an unnecessarily cumbersome instrument. It is also one which is liable to have damaging side effects. One of these is direct. As the subject matter of the annual Budget has become increasingly complex so the area of advance consultation has been extended to the point where it is virtually impossible to guarantee confidentiality on the old basis.

Such consultation is a necessary process if the details of taxation are to be thought out properly in advance. If the views of outside experts and special interests are not to be canvassed the consequence will be an increase in the number of ill-considered and impracticable proposals—and a multiplication of the shifts and changes which are so damaging to commerce and industry. It would therefore be a retrograde step if the area of prior consultation were now to be narrowed. Yet that will be the logical consequence if the Government puts the preservation of confidentiality at the top of its list of priorities.

The second potentially damaging side effect of this security inquiry is that it may divert attention from the much more important question of how the

Cabinet ought to deal with the Budget. It is not just under Mrs Thatcher that the Chancellor has presented his proposals too late for the Cabinet as a whole to change its structure. The only reason why this has suddenly become such a contentious question is that there has never within memory been such a division on the Budget between the economic ministers and a substantial section of the Cabinet.

Yet the underlying question remains the same for this and for any other administration: should the effective decisions be left to a very small number of ministers for the sake of confidentiality, or does the Cabinet as a whole have the right to govern so much of the government's operations while there is still time to change it? The principle of collective Cabinet responsibility surely suggests that this right should be paramount. But whatever position one holds on this issue, this is the question to which serious and responsible ministers should now be concentrating their attention. It is of long-term importance for the proper government of this country, and it is of immediate importance for confidence between ministers in the present administration. In setting up this security inquiry Mrs Thatcher has shown a loss of perspective. She has grasped the minor issue at the expense of the major one.

Safe disposal of radioactive waste

From Miss Marion Hill
Sir, Professor Robert Hinde (March 13) has unfortunately failed to understand the objectives of our work on radioactive waste management, and is doing so has misrepresented our results.

The report he refers to (NRPB-108: see *The Times* article, February 17) is one of a series in which we describe our preliminary radiological assessments of the methods which have been proposed for disposal of high-level radioactive waste. The principal aim of these assessments is to provide guidance for the research into waste disposal for further research to imply that further knowledge is required before each of the methods can be fully evaluated.

When the research has been completed it will be possible to carry out more comprehensive radiological assessments, the results of which will form one of the inputs to a decision on which disposal method to adopt.

Thus our recommendations for further research do not imply that no "safe" method for disposal of high-level waste exists nor that none is ever likely to be discovered. They indicate only that there is insufficient information at present to decide which of the options under consideration is the most acceptable. Yours faithfully,
MARION D. HILL,
National Radiological Protection Board,
Harwell, Oxfordshire,
March 13.

Policy on Ulster

From Mr John D. Taylor, MEP for Northern Ireland (Ulster Unionist)
Sir, I do not know who the Unionists are whom your London correspondent, Frank Miller, claims to represent in his letter (March 13).

However, I must correct him and emphasize that Ulster Unionists here in Northern Ireland have as their main constitutional objective the return of a devolved legislative parliament to Northern Ireland. Mr Miller's request "for Ulster to be governed in accordance with the principles and practices that obtain in England, Scotland and Wales" is in contradiction with the policy for devolution as pursued by Ulster Unionists. There is no devolved institution in England, Wales or even Scotland.

As the four main political parties in Northern Ireland—Ulster Unionist, Democratic Unionist, SDLP and Alliance—all campaign for devolution for Ulster, the Prime Minister and Secretary of State, Mr Humphrey Atkins, MP, would be best advised to concentrate upon this system of government, which is one of the few issues which has common ground amongst the much divided and polarized political parties.

Certainly as Member for Northern Ireland in Europe I recognize the advantage that devolution would be for Ulster's requirements within the EEC. Yours etc,
JOHN D. TAYLOR,
Ulster Unionist Headquarters,
3 Glengall Street, Belfast,
March 13.

Canada's Constitution

From Dr James McConica
Sir, As a Canadian living in England, I was happy this morning (March 9) to read the letters of Messrs Leslie Millin and Tom McNally, MP, about the Canadian constitutional issue.

Canada is possessed of a sovereign Parliament, and the Canadian people are by now quite practised in the use of a self-government. Although the spirit of nationalism and independence has grown enormously since the Second World War, it is probably also true that most Canadians feel, as I do, an historic and even filial respect for the Parliament at Westminster which is the mother of our own. But the time when that Parliament might expect an intervention in the domestic affairs of Canada to do us justice has long since passed.

I share Mr Millin's alarm that even intelligent, well-informed friends in this country often do not see to realize that when the Canadian request is received it must be passed speedily, whatever its nature (and with whatever reservations privately expressed), so that the responsibility for its acceptance or rejection falls squarely on the Parliament in Ottawa where it belongs. Mr McNally states the matter conservatively. I believe, when he says that any other action will set us on a road fraught with dangers. We in Canada have quite enough problems to get on with, already. Yours sincerely,
JAMES MCCONICA,
All Souls College,
Oxford,
March 9.

After the New Cross fire

From Mr K. R. Prouen
Sir, Many sincere people are concerned that several weeks have passed since the terrible fire in New Cross without findings being announced, but the charge that the police are suppressing evidence must be challenged. Local clergy are aware of the means used by the police to ensure the accuracy and, importantly, the entirety of the evidence. When the story is told, black and white residents in Britain may trust it. If the facts do not harmonize with any previously held political or social fixations, that is a separate matter. The black and white brothers and sisters in Christ who form the interdenominational chain of churches in Lewisham (of which New Cross is a part) continue to build upon their affection for each other.

Yours faithfully,
K. R. PROWEN,
Secretary, Lewisham Federation of Churches,
36 Paragon Lane,
North Cray,
Kent,
March 12.

West's global strategy

From Mr H. E. Fenton
Sir, Can Mr Luard (March 12) explain why, if the Soviet Union and Cuba provide arms for regimes in South Yemen, Ethiopia, and Afghanistan, we should be expected not to send arms to the regime in El Salvador? Yours faithfully,
H. E. FENTON,
4 Raby Place, Bath.

Tunncliffe collection

From Lady Angelsey
Sir, It is a great encouragement to learn (Dennis Mahon's letter of March 10) that the way is still open to meet both Charles Tunncliffe's expressed wish in regard to his measured drawings and sketchbooks

LETTERS TO THE EDITOR

Budget choices: restraint or rebirth?

From Professor A. R. Ubbelohde, FRS

Sir, Your leading article on the Budget (March 13) rightly complains about the way current monetary provisions conceal our real task, which is to create more real wealth, not just push paper about. This facetious monetarism fails to release our powers of responding to adversity. After the devastating Fire of London in 1666, Christopher Wren worked his way through to his triumphant epitaph, by clearing away the rubble and building afresh. After the devastation of 1942-45, Western Germany recruited her national potential by rebuilding what was needed. We in Britain have surely inherited enough physical desolation from obsolete industrial activities of the past century to accept a comparable challenge for creative rebuilding. But it must be clearly presented.

Using our unique though transient benefits from North Sea oil and from our natural gas, we should already be speeding fire on reconstruction Budget, which would concentrate on our present unique opportunities for creative building. There is plenty of choice of targets, but it would be difficult to omit from a list of "out of the ordinary" tasks such projects as the reclamation of obsolete dockland in more than one part of the country, the restoration of more than one city heartland, and the bringing back to national use industrial wasteland already abandoned by one formerly lucrative industry. In addition there are clamorous demands for better transportation of wealth to where it is needed. We should be electrifying our railways, using nuclear energy to supply enhanced base load, and reducing our fuel consumption by improving our pipelines, our road systems, and our airports. We should support more speculative wealth creative ventures such as the Channel Tunnel and the Severn Barrage.

Of course abnormal expenditure on such pioneering means of increasing the real wealth and amenities of our great country must not be allowed to trickle away into supporting unearned petty comforts which so many of us have become used to, and which we are rightly admonished to forego, until better times. But it is unforfeitable that monetarist paper-pushing procedures, required to monitor austerity in consumer expenditure, should be allowed to smother urgent and humanly exciting tasks of construction. We have the energy resources, which is the leadership to channel them into acceptable uses?

I am, etc,
A. R. UBBOLODE,
Department of Chemical Engineering and Chemical Technology,
Imperial College,
Prince Consort Road, SW7,
March 13.

From Professor Lord Kaldor, FBA
Sir, The Prime Minister, in an impromptu speech reported in the *Times* of March 12, said that her Government "has taken the wise and the moral course and I will challenge anyone who takes the contrary view".

I am sure there must be many qualified economists who are ready to take up this challenge in my view—and I am sure that this is shared by a large number of my professional colleagues—the Prime Minister is wholly mistaken in her belief that she has taken "the wise and the moral course". Her case, as far as I can make out from your report, rests on two propositions. First, that an increase in deficit spending "would have stifled and strangled at birth any rebuilding of stocks or any expansion of industry and investment that we might have had"; secondly, that "fiscal expenditure without an addition to taxation means that we 'put a pair of bellows on to the rate of inflation we have now and make it a really big, raging furnace'".

Both these propositions assume that additional Government expenditure, whether financed out of taxation or borrowing, reduces the amount of resources available to the private sector, whether for consumption or investment. But this is only true in circumstances in which the productive capacity of the economy, both labour and physical capital, is fully employed. It is manifestly untrue in the context of the British

economy of 1981 where (a) there are two and a half million unemployed; (b) industrial capacity is under-utilized to the extent of at least 25-33 per cent; (c) the balance of payments is in surplus and there is no immediate need to restrict economic activity for the sake of maintaining the exchange rate.

In these circumstances increased Government loan expenditure, whether secured by extra spending or lower taxation, will increase the level of production and employment in much the same way as an increase in export demand or an increase in private investment. In each case the consequential increase in national income and output will be greater than the primary increase in expenditure (due to the well-known principle of the "multiplier") so that the savings available for private investment will be enlarged, not diminished, as a result.

Mrs Thatcher evidently denies the validity of these propositions, and would (presumably) argue that increased public sector borrowing is "inflationary" unless it is accompanied by a sufficient increase in the rate of interest that would reduce private investment in fixed capital or stocks sufficiently to leave the level of income and employment unchanged. It has

But there is no truth whatsoever in this latter proposition. When resources are under-utilized, an increase in demand, irrespective of whether it originates at home or abroad, in the public or the private sector, will increase production and prices—indeed it may cause a decrease in prices since a higher output in industry is associated with a decrease in unit costs. Apart from the case where a rise in import demand is allowed to lead to an excessive fall in the exchange rate, a rise in costs and prices can only occur as a result of higher wage demands—but a rise in interest rates offers no guarantee against a cost inflation caused by excessive increases in money wages; even the exceptional contraction of the demand for labour in the past twelve months only served to moderate wage-induced inflation and not to eliminate it.

Nor is it correct to suppose that larger loan expenditures, whether by the public or the private sector, will cause an increase in the "money supply" which is per se inflationary. The basic fallacy in the latter proposition is that an increase in the amount of money in circulation—whether this is taken to be bank notes and coins, or of M1 or M3 or any other range of financial assets—can be the cause, as distinct from the consequence, of an increase in total income and expenditures. Indeed an increase in output brought about by deficit spending under conditions of an excess supply of available resources is no more inflationary than an increase in output resulting from the normal functioning of a capitalist economy. As last year's events have shown, an accelerated growth of M3 may well be the result of imposing higher interest rates and may be associated with a falling rate of inflation.

No one doubts the depth and singularity of the British malaise, but it is too much to ask that she should apply her mind to a better understanding of how a capitalist economy works? Yours faithfully,
NICHOLAS KALDOR,
King's College,
Cambridge,
March 13.

From Mr P. R. R. Coad

Sir, Mr Rives writes today (March 13) that he is cancelling his subscription to the Conservative Party in view of Sir Geoffrey Howe's Budget.

With an undevoted pension based upon pre-1973 values as my main source of income, the purchasing power of which is now about one third of the value of those days, my one hope of keeping any value in my remaining income from this source is in the Prime Minister's determination to slow down the rate of inflation.

I propose to increase my subscription to the Conservative Party. Yours faithfully,
P. R. R. COAD,
The Reform Club,
Pall Mall, SW1,
March 13.

Moorland preservation

From Dr J. E. L. Butterfield and others

Sir, Is Dr Thomas (March 11) correct in stating that the natural vegetation of Britain is woodland and forest from sea level to near the mountain tops? No responsible scientist would deny that this was the situation at some time after the end of the last glaciation. However, the disappearance of trees from many upland areas coincided with two events. The climate changed to one which was probably colder, windier and wetter; all factors which, directly or indirectly, tend to inhibit tree survival at high altitudes. At the same time, man's activities, grazing domestic animals and burning vegetation, started to make an impact in uplands.

The relative effects of these two events must remain a matter of opinion, and it is possible that their importance varied from area to area within Britain. Nevertheless, the establishment of woodland on

high altitude uplands is, at the present time, a thankless task.

The disappearance of trees in upland areas resulted in the expansion of a typical tundra flora and fauna, with strong similarities with those in Arctic and sub-arctic areas of Scandinavia. This change is not a degradation and refutes Dr Thomas' previous reference to moorlands as "biological slums" (*The Times*, April 24, 1980). Dr Thomas must get his facts right before he makes any sweeping statements. We leave it to your readers to decide whether they prefer to walk through agricultural land or the wild, natural tundra of upland Britain, along routes such as the Pennine Way.

Yours faithfully,
JENNIFER BUTTERFIELD,
J. C. COULSON,
V. STANDEN,
Department of Zoology,
University of Durham,
Science Laboratories,
South Road,
Durham,
March 13.

Setting for royal wedding

From Mr Terence Wincott

Sir, I agree with Mr Farahar (March 12) that the extra seating available at St Paul's would be an inadequate reason, were it the only one, for using that church for the royal wedding in preference to Westminster Abbey. But what nonsense it is for him to suggest that St Paul's represents the ceremony's demotion because it lacks the Abbey's "historical and more recent links with royalty and the fabric of our heritage"—whatever that means!

Since its completion in 1710 St Paul's, on the site of which there have stood cathedrals for thirteen hundred years, has witnessed quite

Strikers who abuse the law

From Professor P. S. Atiyah, FBA
Sir, I am due to leave my house shortly for a flight to Canada via Heathrow. I am informed by *The Times* this morning (March 13) that immigration and customs staff at Heathrow will be working to rule and that long delays are expected.

This is supposed to be "strictly enforcing customs law and regulations". On the contrary, it seems the clearest possible abuse of the law.

Customs and immigration staff have legal powers over their fellow citizens conferred upon them by Parliament. Where these powers confer discretion, it is manifest that the discretion must be exercised in good faith for the purposes for which the powers have been conferred.

If the legal immunities enjoyed by those taking part in a trade dispute extend to the illegal detention of citizens going about their lawful ways, then we have indeed reached a sorry pass. The abuse of private power is serious enough in all conscience; but the abuse of public power is intolerable in a democracy.

Yours faithfully,
P. S. ATIYAH,
The Old Rectory,
Middleton Stoney,
Oxfordshire,
March 13.

From Mr W. Wright

Sir, The answer to Sir Miles Clifford (March 11) is of course that if the Government gave to its civil servants the same treatment as it has promised the police and the armed forces, civil servants would not need to strike.

Yours faithfully,
W. WRIGHT,
Deputy General Secretary,
The Institution of Professional Civil Servants,
Northumberland Street, WC2,
March 12.

Unlicensed to quote

From Mr John Le Carré
Sir, Last night (March 11) on the television programme *News at Ten*, I was quoted by name as saying that Sir Maurice Oldfield was the model for my fictional character, George Smiley. I have never in my life made such a statement, least of all on the day of Sir Maurice's sad death.

Within a few minutes of the news announcement, therefore, I telephoned the producers of the programme, and a spokesman told me that his information was derived from an interview I had purportedly given to the *Radio Times* two years ago. He conceded that I had in fact given no such interview, and that his researchers had made an error, but he insisted that beyond offering their apologies there was nothing they could do about it. That is the third inaccuracy. It is open to the producers at any time to enlighten the very large public who have been misled. That they choose not to do so is their decision.

The truth, once and for all, is this. I never heard of Sir Maurice, either by name or in any other way, until long after the name and character of George Smiley were in print. I knew the source of his reputation, personally, scarcely at all. Our social contact, such as it was, occurred after his retirement, and amounted to a couple of lunches, over which he was inclined to rebuke me, albeit amiably, for such idle remarks as the unflattering portrait I had given of his former service. At his request, I once produced Sir Alec Guinness for him, for the good reason that he had always been, in his modest way, one of Sir Alec's many fans. Sir Maurice was tickled pink.

ITN did not need to know any of this, though if they had bothered to ask me, they could have found it out. Instead of that, they preferred to run a totally untrue story and quote myself as the source of it. Foreign broadcasters and press agencies are already having a hell with it. Meanwhile, ITN claims the immunity of the box.

Yours faithfully,
JOHN LE CARRE,
C/o John Farrington Limited,
Bell House, Bell Yard, WC2,
March 12.

Flying bottles

From Mr Peter Walters

Sir, Your leading article on duty-free goods (March 11) omits one important fact: namely that the price of duty-free items varies considerably between different airports. At some, notably in the Far East and Middle East, large savings can be made by purchasing duty-free items, while at others, such as Heathrow, only relatively modest savings are made. Yours faithfully,
P. R. WALTERS,
49 Disraeli Road,
Ealing, W5,
March 11.

The awkward squad

From Mr Laurence Cotterell
Sir, Discussing *The Romans in Britain*, Bernard Levin (article, March 11) perpetuates the error made some years ago by a muddled playwright airing his misknowledge of the military scene, mangling "swaddy"—a traditional nickname for the private soldier—in a "squaddie".

The term probably derives from "Swadeshi", a Bengali word meaning "native country", which was adopted by an Indian protest movement of other days. Its members became known as "swadeshi" or "soldiers of the Raj" in a slightly pejorative but end-of-humoured context, and it was inevitable that the term would eventually be applied opprobriously to British rankers whose appearance or performance on parade was less than perfect. Yours faithfully,
LAURENCE COTTERELL,
121 St Paul's Wood Hill,
St Paul's Cray,
Kent,
March 12.

Royal College of Art

From Mr A. A. Bridgewater
Sir, Having only returned to this country from Australia on Friday, March 13, my response to Lord Queensberry's letter is rather late. His letter (March 11) may shed some light on why I, for one, felt obliged to resign as a lay member of the Council of the Royal College of Art.

He regrets that we have not been seen wandering through the college departments but overlooks the hours of consultation and discussion, both private and formal, in which we have been engaged. He also overlooks our day-to-day professional contact with the world of graphic and industrial design, not to mention our personal friendships with teaching members of staff. He assumes that our attitude has been constructive rather than obstructive and supportive and, moreover, crucially, he overlooks the fact that the Council carries the ultimate financial and management responsibility and therefore requires clear

information on which to base its decisions.

The obscurity of the decision-making process, which for the past three years lay members of the Council have been trying to improve, has made it impossible for me to fulfil my responsibilities as a lay member of Council, particularly at a time when the college is making claims on taxpayers' millions for new buildings and resources which must be competing with funds for hospitals and schools.

Yours etc,
A. A. BRIDGEWATER,
5 Chaucer Road,
Cambridge,
March 15.

THE TIMES

BUSINESS NEWS

60 YEARS OF
EXPERIENCE, EXPERTISE
AND TEAMWORK
TAYLOR
WOODROW

over
the border,
page 17.

Stock markets
FT Ind 479.8 up 2.6
FT 69.32 down 0.27

Sterling
£22580 up 1.95 cents
£99.5 up 0.4

Dollar
Index 99.3 down 0.5
DM 2.0915 down 180 pts

Gold
\$498.50 up \$5

Money
3 mth sterling 12 1/4-12 1/2
3 mth Euro \$ 144-144
6 mth Euro \$ 144-144

IN BRIEF

Dow Jones breaks 1,000 point mark

The Dow Jones Industrial share price index broke through the 1,000 point level last night on strong buying on the New York Stock Exchange. The index rose by 17.02 points to 1020.72 as interest rates fell.

The rally, which came late in the day, was partly due to continued optimism on further takeover bids, after three big bids last week. Two of the big targets last week, Kennecott Copper, which is being bought by Standard Oil of Ohio, and St Joe Minerals, which is being bought by Seagram, lost in value with considerable profit-taking.

Trading volume was heavy as almost 50 million shares changed hands.

Earlier the Chase Manhattan Bank and the First National Bank of Chicago both cut their prime lending rates to 17 1/2 per cent from 18 per cent. Most United States banks are likely to make similar cuts.

The Federal Reserve Board continued to indicate a willingness to see a general decline in bank lending rates by making no effort to raise the rate for federal funds, now trading slightly above 14 per cent.

BL's Metro captures best-seller spot

BL's Mini Metro has forged ahead of Ford's Cortina model to become Britain's best-selling car, according to unconfirmed industry figures.

The new car helped to boost BL's market share in the first 10 days of March to 25 per cent, more than one per cent ahead of Ford whose sales have been hit by a delivery dispute.

BL hopes to sell about 100,000 units a year overseas—about the same as expected in the home market.

Strike hits searches

Searches at Companies House have been hit by the civil servants' dispute. More than 11,000 daily requests for information in London and 1,000 in Cardiff have been suspended indefinitely although applications may be lodged for processing after the end of the strike, which involves 160 staff at the two centres.

Prestcold takeover

Suter Electrical, a Lancashire hair salon equipment manufacturer, is buying Prestcold, the refrigeration and air-conditioning subsidiary of BL, for £5m. Suter is raising cash through a £7.7m rights issue.

Anglo-Israeli trade

Thirty years of increasing British trade with Israel, totalling about £500m a year, was celebrated at a British-Israel Chamber of Commerce dinner where the principal speaker was Sir Keith Joseph, the Industry Secretary.

Thorn EMI factory

Thorn EMI is setting up a £2m electrical equipment factory on a 4.5-acre site at the Blenheim industrial estate in Nottinghamshire.

SDR exchange rate

The dollar's exchange rate against the SDR was 1.23125, while the £-SDR rate was 0.55188.

Industrial output drops 1.3pc to lowest level for nine years

By David Blake
Economics Editor

Government hopes that the drop in output is coming to an end received a blow yesterday with the announcement of new figures showing that industrial output fell by 1.3 per cent in January, the seventh successive monthly fall.

The drop took total industrial output down to its lowest level for nine years. In the three months to the end of January, output was 11.5 per cent lower than in the same period a year ago.

In manufacturing industry alone, the drop has been even greater, output is down 15.3 per cent on a year ago.

The gloomy output figures were made worse by a sharp downturn in the level of retail sales in February, where the provisional index fell 1.8 per cent from the high figure recorded in January. The report at the Department of Trade think the picture would have been even worse without the continuation of winter sales into February.

High turnover during this year's January sales provided a much-needed boost to companies which have been trying desperately to reduce their stocks. But the signs that the underlying level will be fairly depressed this year are bound to weaken business confidence, say the Budget experts.

This could lead to industrial output staying depressed until well into the year. The latest figures show no sign of the turnaround which government ministers had hoped would arrive by the first quarter of the year.

Output is down right across the industrial landscape of the nation.

In the three months to the end of January, textile and clothing output fell 5 per cent to stand 21 per cent below its level of the previous year.

Engineering dropped 5.7 per cent to 17 per cent below last year's level, and falls of over 2 per cent were also recorded by

the miscellaneous other manufacturing category.

The figures show the way in which the recession is changing its shape as it moves towards the end of its second year. Investment goods industries are now showing the sharpest drops, as companies cut back desperately on capital spending to stay in business.

Consumer goods industries are showing a smaller fall—2.4 per cent in the latest three months compared to 5.3 per cent for investment goods.

Intermediate goods industries are doing slightly better, however, as the pace of destocking, which led the way down in the early part of 1980, starts to ease.

The recession has been far more severe in the manufacturing sector than the Government predicted at the time of the 1980 Budget. Ministers now hope that output in the economy as a whole will start to pick up in the summer.

Promotions boost sales. Special promotions and a rash of pre-Budget sales into March have kept non-food volumes higher than some retailers expected, although volume sales of kitchen appliances and other electrical goods are still generally down around 5 per cent compared with a year ago (Derek Harris writes).

Chains such as Currys and Rumbelow report some improvement in sales of washing machines, with growth in specialist sectors like video cassette recorders and microwave ovens.

Food sales are steady and the "discount" trade has proved "over the past six weeks," according to Mr Ian MacLaurin, managing director of Tesco.

The John Lewis Partnership department stores are trading steadily, with the first week in March up 12.5 per cent by value on an annual comparison, well ahead of the half year forecast of 7.3 per cent. Food, showing a 14.5 per cent rise, is also ahead of forecast.

£314m trade surplus set last month

By Frances Williams

Britain had a trade surplus in February of £314m, less than half the freakishly high surplus of £742m in January and rather lower than in the last few months of 1980.

A sharp rise in imports and a substantial fall in exports may point to an early worsening of the United Kingdom's trade balance this year.

A large projected surplus of £300m on invoices, due mainly to EEC budget refunds payable in the first quarter of this year, boosted the February current account surplus to £514m, down from revised £1,042m in January.

Imports rose 8 per cent in February, recovering to around the levels of late last year. Excluding erratic items, such as precious stones, ships and aircraft, the volume of imports jumped 1.3 per cent in the month, led by increased imports of basic materials and finished products, notably cars.

Exports were down over 4 per cent in February from January's high level, despite record oil exports of £566m. This was chiefly because of lower deliveries of finished manufactured goods and erratic items.

The Department of Trade said yesterday that the underlying trend in export volumes had been broadly flat steadily since the middle of last year, but the most recent figures suggest a possible decline.

Over the three months to February the volume of non-oil exports excluding erratics fell by 2 1/2 per cent from the previous 3 months.

In the forecast for the economy published with the Budget last week, the Treasury

estimated that this year's balance of payments surplus would be £1,500m, down £500m on last year, and deteriorating fairly steadily over the remainder of 1981.

Imports are expected to decline by 2 1/2 per cent in 1981 over 1980, of which the half year account for the first year as the rate of desocking by British industry declines.

Exports are predicted to fall by 5 1/2 per cent as the full effects of worsening competitiveness over the past couple of years come home to roost. Despite increasing exports of North Sea oil.

The record surplus on the oil account of £231m, plus the £300m positive balance on invoices such as banking and tourism, account for the bulk of February's current account surplus.

The non-oil trade balance was just £83m in the black, down from £53m in January and less than a quarter of the average for the last three months of 1980.

Publication of the trade figures had little immediate impact on the foreign exchange markets. The pound rose 1.95 cents from Friday against a generally weaker dollar to close at \$2.2380, its highest level for three weeks.

It was also stronger against continental currencies, its trading-weighted index against a basket of leading currencies up 0.4 on Friday's close at 99.5.

Lower domestic and Euro-dollar interest rates, and expectations of lower rates to come this week, were the chief cause of the dollar's decline. It closed at DM2.0915, down 1.8 pence from Friday and its lowest level for more than 6 weeks.

Tables, page 18

Legal battle likely over Savoy bid

By Philip Robinson

A legal battle now seems certain between Sir Hugh Wontner, Savoy chairman, and Sir Charles Forte, whose Trusthouse Forte empire is making a £58m takeover bid for the hotel group based in the Strand.

Tomorrow Sir Hugh will tell Sir Charles in a letter that he is refusing to call the two special shareholders' meetings which the head of the world's largest hotel and catering chain reckons would give him control of the Savoy group.

Sir Hugh and his board have already dismissed the Trusthouse offer as wholly unacceptable and totally unacceptable.

Six days ago when Trusthouse Forte, whose chairman is Lord Thorneycroft, announced its offer, Sir Charles asked Sir Hugh for a decision on the meetings within seven days. He also said that if the Savoy board was prepared to call them, his group, as holders of 88,000 "A" shares, would.

The meetings, for the "A" and "B" shareholders separately, are important because of the complex voting structure (the "A" shares have one and the "B" shares have 10 votes each). The "A" shareholders have a total of 51 per cent of the total votes available.

Sir Charles, with his advisers, merchant bankers S. G. Warburg and solicitors Linklaters & Paines, think that if the "A" shareholders vote for the bid with a 75 per cent majority, it would give them control of 51 per cent.

Sir Charles has said: "We



Sir Charles Forte and Lord Thorneycroft at yesterday's meeting.

can manage the company with that."

But the Savoy camp say the more, thought up as a scheme of arrangement, would effectively be disenfranchising the "B" shareholders, most of which are the board, and control 48 per cent of the total votes.

Trusthouse Forte reckons that it can exercise power under Section 206 of the Companies Act which entitles any member to call a meeting of shareholders, and Linklaters says it is taking that section as embracing all shareholders.

Trusthouse appears to be in a stronger position, with the

"A" shareholders which are much more widely spread. The Kuwait Investment Office, has already indicated it intends to accept with its 34.1 per cent of "A" shares.

If Warburg Investment Management accepts with its 15.4 per cent, Trusthouse is more than half way towards the majority it says it needs.

The Savoy board has taken counsel's advice and says it is more or less in permanent session with its advisers.

Meanwhile after Trusthouse Forte's annual meeting in London yesterday, Sir Charles said: "If all they can do is throw insults at me, it will make no difference to the bid."

This is the first bid I have made without consulting the board. He said that about five months ago he had two lunches with Sir Hugh which were "very pleasant" and at which he wanted to discuss the possibility of a takeover bid.

Then I had a letter from a mutual friend. It was a copy of a letter sent to him by Sir Hugh in which he said he would like me to stop pressuring him.

Three months later Sir Charles launched his bid. He is offering 84 of Forte shares or £165 in cash for every 100 Savoy "A" shares and five Forte shares or £9.75 for each "B" share.

EEC states seeking joint interest rate policy

From Peter Norman
Brussels, March 16

EEC member states are trying to draw up a joint policy on interest rates to present to this summer's world economic summit in Ottawa. Mr Alfons van der Stee, the Dutch finance minister, said.

Mr van der Stee who presided over a meeting of economics and finance ministers in Brussels today said that every member state in the European community was convinced that present interest levels were too high. The immediate problem was the level of interest rates in the United States.

His remarks followed a debate in which the finance

ministers went into restricted session to discuss monetary issues. They heard reports from Mr Gordon Richardson, the Governor of the Bank of England and chairman of the EEC Central Bank Governors Committee, and M. Jean Yves Haberer, the chairman of the EEC Monetary Committee.

Sir Geoffrey Howe, who left the meeting early to close the Budget debate in London was represented by Sir Kenneth Couzens, the permanent secretary at the Treasury responsible for overseas affairs.

Although Mr van der Stee was reluctant to discuss the debate in detail, he did slip that one of the problems confront-

ing the EEC is that United States policy today is in line with advice given in the past to Washington by European governments.

"They are fighting inflation and we have to be cautious", he said. "We have to show respect and appreciation for what the United States is now doing."

But at the same time, he made clear that the Community would not stay passive in the face of the United States interest rate challenge. Today's meeting of finance ministers ordered M. Haberer, Mr Richardson and the European Commission to consider the issue further and report back at a later date.

The interest rate squeeze,

triggered by the high level of rates in the United States, has been causing particular problems in West Germany. Members of the German Social Democrat Party, the dominant partner in the coalition government, are angry at the way in which the federal bank has pushed up interest rates in line with trends in the United States.

Also, Herr Hans Matthöfer, the finance minister, has been advocating a concerted international reduction of rates but so far has failed to secure any great degree of support.

The EEC Commission has also been looking at develop-

MFI's joint managing director resigns

By Margaret Pagano

Mr Jack Seabright, joint managing director of MFI Furniture, has offered his resignation, to take effect in July, after it was made clear to him in discussions that he would not be the next chairman.

Mr Seabright said: "After successive discussions it was made clear to me that when Mr Arthur Southon retires as chairman in a few years time I would not be considered as his successor." In these circumstances he felt he could not stay under another chairman.

I am 51 and instead of waiting decided to make the break now. Mr Seabright has been with the furniture group for seven years and will now be considering either "a change of career" or perhaps "taking advantage of the Chancellor's recent incentives for small business." All talks have been amicable and compensation had been agreed.

Mr Southon said the board had accepted the resignation with regret and wished to express its gratitude to Mr Seabright for his contribution to the development of the group.

Mr Southon, who is 65, said he had no plans to retire until he was about 70 provided he retained the board's confidence. During the recent talks about a successor, Mr Southon said that he could not honestly give Mr Seabright a clear indication as to what might occur.

Mr Noel Lister, a co-founder of the group and joint managing director, will become chief executive on Mr Seabright's departure. He will have special responsibility for development, buying and marketing.

Mr Derek Hunt, aged 41, is appointed sole group managing director since 1975.

Mr Southon said his role in the next five years or so would be to ensure "an acceptable and competent successor does emerge." Whether this would be Mr Lister or someone else remained to be seen.

MFI recently reported interim pre-tax profits at £4.9m, £3.1m down on the previous year. Despite a sales increase from £56.1m to £59m, the group looks hard pressed to recover in the second half. Borrowings,

State industry chiefs join Budget attack

By Peter Hill

Nationalized industry chairmen have joined the Confederation of British Industry in criticizing the Government's economic policies and calling for an investment-led recovery of the British economy.

In a thinly-veiled attack on the Government's economic strategy, Sir Derek Ezra, chairman of the National Coal Board, said last night that it was "highly regrettable" that British manufacturers should be forced to cut back on their investment.

Speaking to the Oil Club in Glasgow, Sir Derek said that despite the 2 per cent cut in Minimum Lending Rate announced in the Budget last week, "further positive encouragement" would be needed if the projected 15-20 per cent fall in manufacturing industry investment this year was to be avoided.

Sir Derek, and other members of the Nationalized Industries Chairmen's Group, of which he is the present chairman, have for months been pressing the Government to modify the strict discipline of extending limits on state groups, British Telecom and British Rail, both of whom have ambitious investment programmes, are among the hardest-hit corporations.

But another state industry chairman, Sir Denis Rooke of British Gas, yesterday underlined the importance of the Government's strategy in the last financial year it had made a net repayment to the Exchequer of £447m—just £2m

short of the target which it had been set. In the financial year now ending it would not be "too far away" from making a further repayment of £400m.

Business reaction: A shift is emerging in businessmen's consideration of the Budget which may dilute the otherwise adverse response expected from tomorrow's meeting of the council of the Confederation of British Industry.

While large manufacturing organizations support the CBI leaders' initial expression of disillusionment, a few smaller concerns are supporting the hard line taken by the Chancellor of the Exchequer.

In a clear reference to a remark made by Sir Raymond Pennock, the CBI's president last week, Mr Walter Goldsmith, director of the Institute of Directors, said yesterday that rather than attack the Chancellor for "kicking industry in the teeth", businessmen should unite to lobby the Government to introduce a radical privatization programme and make real cuts in public sector revenue and manning expenditure.

The Chancellor still has substantial support from British businessmen, Mr Goldsmith said, calling on Tory MPs to back the Government in the Budget debate. Mr Goldsmith's Institute represents 30,000 company directors.

Mr Anthony Frodsham, director general of Engineering Employers' Federation, in his criticism of the Budget cutbacks on his words, said that the Government's policy was "kicking industry in the teeth" and that the Government's policy was "kicking industry in the teeth".

Lone cheer for the Chancellor

Amid the chorus of criticism of last week's "deflationary" Budget, one voice sounded out alone yesterday with words of cheer for the Chancellor. Professor Patrick Minford of the University of Liverpool, forecast that Sir Geoffrey Howe's measures have put economic policy back on course for rapid growth and falling unemployment from 1982.

Professor Minford's forecasting methods are controversial among economists and he has had some problems with past predictions, including one which suggested that output would show no fall in 1980. In fact, it was down by about 2 1/2 per cent.

But the existence of some formal academic support for the view that present policy will get the economy right is bound to encourage government ministers who have been battered by criticism in the past week.

The Liverpool model of the economy is relatively new and it relies heavily on a theory known as "rational expectations". This suggests that individuals will react quickly to government policies. In Professor Minford's theory they are expected to respond strongly to the present policies aimed at bringing down inflation, cutting costs and wages.

The latest forecast is based on the assumption that the Government will stick to its plan without any hint of a U-turn between now and the next general election.

If that happens, the Liverpool group believes that inflation will fall very sharply. By 1984 it is expected to be down to 3.5 per cent a year, after having been 9.5 per cent in 1981, 5.4 per cent in 1982 and 4.2 per cent in 1983.

bottom round about the second quarter of this year and then start expanding. Output is expected to grow by 2.9 per cent in 1982, 2.8 per cent in 1983 and 2.7 per cent in 1984.

Unemployment, which most forecasters expect to go on rising unless the Government eases its policy, ought to come down below two million by 1984 in the view of the Liverpool group.

However, the forecast does now expect unemployment to average 2.6 million in 1982 compared to the 1.9 million which was predicted by the same model in November of last year.

Professor Minford's forecast differs markedly from those of most other economists, who foresee at best only a slow recovery in output.

David Blake

PRICE CHANGES

Rises

Atwood & Son 13p to 186p
Broken Hill 20p to 755p
CRA 10p to 235p
Grindlays Holdings 17p to 183p
Guthrie Corp 13p to 763p

Falls

Allen H. & Ross 15p to 363p
BFI 20p to 38p
Bardays Bank 19p to 381p
GKN 8p to 128p
Hammer Corp 8p to 63p

Minoro 23p to 658p
Nigate Explor 15p to 405p
Peko Walsand 20p to 445p
Satchi 13p to 343p
Standard Tel 12p to 509p

Inter Thomson 8p to 274p
Shirley Trax 14p to 392p
Schroders 10p to 348p
Woolworth 5p to 53p
Yarrow 15p to 288p

THE POUND

	Bank	Bank	Bank	Bank
	buys	sells	buys	sells
Australia \$	1.86	1.85	12.45	11.80
Austria Sch	34.90	32.70	12.45	11.80
Belgium Fr	81.75	77.75	12.45	11.80
Canada \$	2.71	2.62	12.45	11.80
Denmark Kr	15.39	14.50	12.45	11.80
Finland Mk	9.48	8.98	12.45	11.80
France Fr	11.40	10.90	12.45	11.80
Germany DM	4.85	4.61	12.45	11.80
Greece Dr	115.50	109.50	12.45	11.80
Hong Kong	12.10	11.50	12.45	11.80
Ireland Pt	1.32	1.26	12.45	11.80
Italy Lit	2380.00	2270.00	12.45	11.80
Japan Yen	488.00	465.00	12.45	11.80
Netherlands Gld	5.36	5.10	12.45	11.80

Murray Western Investment Trust Limited

Sustained asset growth in major markets

Annual results for the year ended 31st December, 1980

	1980	1979
Equity shareholders' interest	£83,650,035	£61,194,045
Asset value per share	105.3p	77.1p
Revenue available for ordinary shareholders	£1,635,673	£1,671,775
Earnings per ordinary share	2.38p	2.17p
Ordinary dividend per share	2.30p	2.10p
Capitalisation issue in B ordinary shares	2.28042%	2.72599%

Geographical distribution of investments at 31st December, 1980

	1980	1979		1980	1979
UK	39.65%	35.51%	Europe	2.21%	4.65%
North America	35.00%	34.78%	South Africa	0.33%	—
Japan & Far East	12.33%	12.07%	Brazil	0.70%	1.37%
			Bonds	9.78%	11.62%
				100.00%	100.00%

BY THE FINANCIAL EDITOR

Standard Chartered buys British

It is no secret that Standard Chartered wants a stronger assets base in Britain. So what banks are gloomily contemplating the havoc wreaked by the Chancellor on their balance sheets and when their prospects seem worse than they have been for some time.

Somewhat aficionados of Standard Chartered will of course be disappointed whatever the deal. But that apart it is well-timed on the theory that one buys companies when their profits are falling. How good a deal for either party will depend on the terms which will become known today.

No two banking groups could be more dissimilar in either outlook or financial strength. The budget, for example, will affect each in completely different ways. S & C will pay only about £1m in the new windfall tax, while RBS will be lucky to get away with much less than ten times that amount.

S & C is international and spreads into some of the world's fastest growth areas such as the Far East and the American West Coast. Indeed it has sometimes been described as a Pacific Bank. Britain has been largely left out of its expansion and the price paid has been not only problems with Advanced Corporation Tax but also the lack of benefits from SSAP-15 standard on deferred tax under which other banks have been making hay with their leasing business. In its search for United Kingdom assets S & C has painfully learnt that new branches are extremely difficult to establish.

While S & C has been expanding and is still going ahead it has had to run its finances tightly. The result of expansion and the acquisition of the Union Bank of California is that the free capital ratio is a measly 1.5, if minorities are taken out and no more than 3.3 if they are included.

The reverse is the case with RBS. It is solid, local, extremely strong financially with a free capital ratio of 5.8, one of the best in the business. But its profits which last year reached £100m are likely to be down to between £80m and £90m this year and it is fully exposed to the United Kingdom economy. S & C on the other hand is likely to see its profits soar from £170m to, perhaps, as much as £230m this year.

Meanwhile, if market rumours of a one-for-four share exchange offer are right, then each RBS share would be valued at 175p compared to only 96p before the deal and 86p before the rumours. For RBS shareholders this would be attractive. Their shares stood on a p/e ratio of only 4 fully-taxed before the news, but 175p compares to assets of 220p.

Suter Mr Abell's baby

The arrival of Mr David Abell at Suter Electrical, first as a shareholder and then as chairman and chief executive at the beginning of the year, promised a substantial change in the direction for the group. That promise is now being delivered. Suter is to raise £7.7m through a rights issue to buy



Mr David Abell, Chairman of Suter Electrical

Presold from BL, which had been seeking a buyer for three years. It is all in keeping with Mr Abell's aspirations to run his own show, though it appears incongruous to be merging a hair-dress equipment manufacturer with £4m

sales with a commercial refrigeration and air-conditioning group whose sales are around £60m.

The underwrite offer is of five new 40p shares in Suter and £2 convertible stock at par for four ordinary shares. This represents a 25p discount on the January suspension price and is more likely to appeal to institutions than private investors.

For although the £9m purchase, which includes £4.8m worth of BL loans to Suter, will take Suter's assets from £450,000 to £20m, if a £5.5m property valuation surplus is included, Prestcold lost money in the first three months of this year. Last year its pre-tax loss was £400,000.

There is no profits forecast for the combined group, although the prospectus promises a 2.13p gross dividend for a 6 per cent yield on the rights price.

So the interest in the enlarged group, in which dealing is expected to start at around 50p in three weeks, is effectively an interest in Mr Abell's management abilities. The record is certainly impressive. At 38, he is a millionaire through his 17 per cent Suter holding (which will fall to about 12 per cent after the acquisition). Moreover, he left the chairmanship of BL's vehicles division after a successful spell, having started his business career as a Lord Stokes protégé.

SDRs A lop-sided market

The fledgling market in instruments denominated in Special Drawing Rights is showing every sign of taking off. International banks which had previously dismissed it as an interesting but unimportant side show are now turning their imaginations to the development of a new range of SDR financing devices.

The latest, due to come to the market soon—is a SDR 100m (about £55m) floating rate note issue for Italy's State-owned ENEL. Already this year there has been a steady flow of short-term bank Certificate of Deposit issues denominated in SDRs stimulated by the coordinated efforts of a group of seven banks to get an active market going. There have been two floating rate CD issues; one leading investment bank has begun market making in SDR CDs and brokers are showing interest; most important of all, there has been a highly successful bank credit in SDRs for Sweden, which attracted a response well in excess of the managers' expectation.

Clearly the simplification of the currency mix making up the SDR, which took effect from January 1, has applied a stimulus to the market.

Encouraging though all of this is, to the supporters of composite currency units, the market remains lop-sided. It has the active support of some powerful investors who view it as a means of curbing currency risk and who have placed as much as SDR 3.5,000 million on deposit with the banks.

It also looks increasingly attractive to a growing number of banks. But to show its full acceptability it needs borrowers as well. Sweden and ENEL are a start and the banks are now busy stirring up interest among others, but more are needed.

The boost the market really needs is a major financing by the International Monetary Fund which draws up its accounts in SDRs. The IMF has never hitherto tapped the international market, but it may soon have no alternative, and bankers are taking it for granted that any deal would be denominated in SDRs.

Meanwhile with United States interest rates continuing to ease gently downwards, the dollar lost ground against European currencies yesterday, not least against sterling which bounced up almost two cents to just under \$2.24. How long dollar rates will continue to decline remains an open question, but so long as they do then sterling will almost certainly continue to appreciate. That, in turn, will be good news for the gilt-edged market, where longer were again buoyant yesterday and the Government Broker was able to supply more of the 1990 top.

The latest industrial production figures on the other hand do not make such reading. Provisional estimates show a further sharp fall in output in January. As far as the February trade figures go, a smaller surplus was only to be expected after the enormous surplus in January.

Something is almost always wrong when moral propositions are argued in the name of hard economic reality. And suspicion is equally valid when perfectly ordinary economic arguments about inflation, government spending and recession are presented in terms of high morality.

Thus, despite the fact that the Prime Minister bravely fought herself and her Chancellor out of their post-Budget corner in her speech at the Mansion House last week, it is highly questionable whether the application of transplanted notions of Victorian financial rectitude will be greatly relevant to our condition in the next two or three years.

Although conventional economics is largely in important disarray, it would be nice if, between now and the next round of public spending cuts, economic problems could be discussed primarily, if not exclusively, in economic terms.

The course of events will be roughly as follows. After last night's alarms and excursions over the Budget resolutions, things will go quiet for a while. Interest may revive a little when the Finance Bill eventually goes into its committee stage, but not much at least on the economic front.

For while the Budget was stuffed full of enough work to keep accountants

and tax lawyers in business for a decade, it only impinges at a tangent on the economy. The action will begin in earnest in late June and July as the Treasury takes spending departments through the first rounds of the public spending review, by 1983-84 everyone goes off on their summer holidays.

What they will find is that several of the major spending programmes are overrunning their cash limits by substantial amounts. They will then discover that it is totally impossible to bring spending for the year in question down to the level included in the White Paper published last week. The reason is that, after five years of almost continuous exercises in public spending cuts under two governments, there is little left to cut but flesh.

At the risk of letting the needle stick in the groove, the reason why the Government faces this extended journey down a cul-de-sac is not its persistence in trying to find a one-dimensional solution to a multi-dimensional problem.

Inflation may well be a moral evil, or at least have socially undesirable consequences, but an economic policy cannot have a single aim, any more than it can have a single chosen policy instrument, if it is to have any chance of success.

Whether the Prime Minister likes it or not, there are three groups of economic policy instruments—fiscal, monetary and prices and incomes. Of these three, the influence of the third, though the weakest, is not negligible. What is certain is that the chance of any policy working is greatly reduced, if these groups of policy instruments are pulling in different directions.

Because this Government has only had eyes for the inflation rate and only been concerned with control of monetary aggregates, it has put itself in an extremely vulnerable position. In presentational terms, if it fails on its chosen narrow ground, it fails entirely.

In real terms, it forces the Government to try to promote recovery by monetary means (that is, reducing interest rates), while at the same time deflationary fiscal strategy. With fiscal strategy still pulling hard downwards, it would be astonishing if the Financial Secretary proved to be right in supposing that monetary policy will generate an even stronger push in the other direction.

As for incomes policy, while it is well known that, in common with proportional representation, the very words are anathema to the Prime Minister's presence, the fact is that a modern

government in a mixed economy with a large public sector must have at least a policy for incomes. The lesson was learned when, at the end of her first year in office, Mrs Thatcher found that Whitehall's pay bill had risen by no less than 25 per cent.

It is, therefore, not a moral issue but a practical one. Professor Michael and his Liverpool Research Group assert that inflation will fall to 5 per cent next year and 4 per cent in 1983. On present policies, they argue unemployment will peak at 24 million and begin falling in 1982. If that happens, Mrs Thatcher should be home and dry. It is good to have what might be regarded as the extreme Lawson-Liverpool forecasts on the record. My bones tell me that they are grossly optimistic.

In that case Mrs Thatcher by the summer will need an account of her economic strategy for the rest of this Parliament that accommodates the fact that inflation will not come down into low single figures, that production will not be picking up and that unemployment will still be rising steadily to three million and beyond. It would be easier if the world was kinder and that simple answers worked quickly. But experience tends to suggest that it is not.

The Royal Bank of Scotland is in merger talks. Ronald Pullen reports

Raid over the border



Lord Barber (above), chairman of Standard Chartered; and (right) Sir Michael Herries, chairman of the Royal Bank of Scotland, outside the bank's Dundas House, Edinburgh.



There have been other minor purchases such as Mocatta and Goldsmid, the bank's dealers, the 51 per cent it did not own in Tezer Standard and Chartered, the merchant bank and Wallace Brothers, another unquoted merchant bank.

Apart from a small network of about 20 offices, catering mainly for business customers, Standard Chartered has no retail base in Britain. It must have looked obviously at the handsome profits the London clearing banks have been making recently on their domestic business.

In turn that is no more than a reflection of the worldwide trend in banking which is to concentrate more on the domestic retail business rather than the more glamorous international operations which have been the main thrust of banks for the last decade and which have now become less profitable and considerably riskier.

There has also been another strand in Standard's thinking over the years and that has been to reduce its exposure to South Africa. The merging of the Standard and Chartered banks in 1970 gave the combined group an uncomfortably large presence in the republic which has done nothing for the share price since South African earnings started to look risky.

Three years ago Standard Chartered joined the United Kingdom bank's assault on the

United States when it acquired Union Bancorp of California following its failure the previous year to buy another Californian bank Bancal Tristate.

So with a diversified overseas presence in the Far East, the Pacific Basin and the United States, which has entailed a heavy financial cost involving frequent rights issues over the years, Standard Chartered now seems to have set its sights on the United Kingdom.

Certainly events over the last couple of years have given it more room to manoeuvre. Midland and International Banks—a consortium which includes the Midland—loosened its links with Standard two and a half years ago. Last year the Midland itself sold its 16 per cent, most of which had been acquired from Chase Manhattan in 1975.

Without Midland to worry about, Standard Chartered will have to see what attitude Lloyd's Bank (with its 16 per cent holding in Royal Bank) takes to this threat of increased competition at home.

That may appear remote but the old "keep off the grass" rule which kept Scottish banks in Scotland and English ones in

England, has been slowly breaking down.

In any case, Royal Bank is made up of two distinct banks, Royal Bank itself and Williams and Glyn's, which ranks number five among the clearers in England.

Royal Bank, whose chairman is Sir Michael Herries, is the product of the merger in 1968 of National Commercial Bank (which is now known as Williams and Glyn's) and the Royal Bank of Scotland. Royal Bank is the largest of the Scottish banks and while it has benefited from the buoyancy of the Scottish economy and North Sea oil, its profitability falls some way behind the London clearers.

This is because Scotland tends to have too many branches in relation to deposits. Another reason is that Scottish customers are rather fussy about playing the interest rate game between their current and deposit accounts. Finally, there is a greater reliance on the wholesale money markets to fund the growth in advances.

Williams & Glyn's, with 330 branches, the smallest of the British clearers, has had a slightly chequered history. The

bank is widely felt to have had greater problems than the London clearers during the secondary banking crisis because of its higher proportion of lending in the personal and financial sectors.

Indeed in the late 1970s Royal Bank's Edinburgh management quietly carried out a "cartan" revolution and many of the London bank's top management were replaced.

If Standard Chartered is successful in absorbing Royal Bank—and the approval of the Bank of England may be more important than the Monopolies Commission—it will mark a further stage in the concentration of British banking.

After the mergers of the late 1960s there has been very little tidying up left in the United Kingdom without running the gauntlet of the monopolies legislation and the Scottish banks have jealously guarded their independence until now.

It still remains to be seen whether this cosy amalgamation will be allowed to go through. After all, the big dogs do not put the for sale sign up every day in Britain's hugely profitable banking parlours.

Business Diary: Nipped in the Budd • Food values

Who would have foreseen it just the day before it begins its inquiry into this year's Budget, the Treasury Committee of the House of Commons has been hit by the resignation of a leading adviser. Alan Budd, director of the Centre for Economic Forecasting at the London Business School and generally regarded as the committee's token international monetarist, has written to the committee saying that he feels completely out-numbered by Keynesians.

Behind Budd's departure is a sense of deep disillusionment with the way the committee is running its recent report on monetary policy. That report, which was heavily critical of a Government, was strongly influenced by Jeremy Bray, the MP for Motherwell. It contained a note inserted at the last minute warning that not all the advisers to the committee were prepared to accept certain conditions. Although Budd is recognized one of the leaders of the international monetarist school, which is close to the Government's thinking, he makes it clear in the letter that he does not want the committee to be converted to international monetarism overnight.

He thinks that advisers could advise on the technical questions. He says that in practice they have been asked to act as advocates for a particular policy, something which he does not want to do.

Mystification and even embarrassment at British Aerospace over the mysterious aircraft model (right) which Mr and Mrs D. A. Logan of Weybridge found in a second-hand storage cupboard which Mrs Logan bought from BA's predecessors, British Aircraft Corporation.

The cupboard had no key and stood in the Logans' garage at Weybridge, Surrey, for three years until Mr Logan attacked it recently with a screwdriver and a hammer. When the door opened, the futuristic "plane" was revealed, mounted upside down on a stand in the way of aircraft companies' wind tunnel models.

So far, nobody in British Aerospace has been able to identify it, even though it incorporates some novel features, the most striking of which are wing-mounted engines which presumably would give vertical take-off and landing.

The "missiles" on the wings are more likely long-range fuel tanks. Could it be the design for a long-range fighter, as at the time, secret fighter which, like so many other projects of the British aircraft industry since the war, never got off the ground?

Diary begs to disagree with Great George Street over the day's national holiday for the wedding on July 29 of Prince Charles and Lady Diana.

The Treasury is making the point that industry can make up the £1,000m in lost production because people will work harder, being more cheerful after the wedding and the holiday.

This ingenious notion, suggested in a recent memorandum by Nigel Lawson, Financial Secretary to the Treasury, is borne out by the productivity figures for 1977, Jubilee year. People worked much the same as before.

Fathers of brides and ladies in general are expected to get damp-eyed about weddings; not so Financial Secretaries.



Reader John Gant of Camersham was intrigued by my recent item about airlines installing better seating on jumbos. Who, he inquired, don't airlines put wings on the head cushions similar to the old-style wing armchairs? "If one tries to sleep in the present seats, one's head continually rolls off the side of the head cushions," he writes.

Well, good news for Gant—British Airways is to introduce wings of a sort in both first and club classes.

Only weeks since Robert Heller published a sponsored booklet *Food for Work*, arguing that catering plays a vital part in improving industrial relations, and on the very day of publication of the 1981 *Good Food Guide*, the Labour Research Department throws a sizable lump of overcooked spam in the works.

Their bi-monthly *Bargaining Report* conducted its own survey of canteen facilities and concluded that "a Victorian attitude of class-distinction prevails".

Culinary apartheid, it alleges, splits workers from the management sometimes excluding workers from the staff canteen even where no alternative eating place is available.

There was also a sharp difference in the length of meal breaks allowed to shopfloor and office staff. Half the workers surveyed got 30 minutes or less, while the rest got 45 minutes, and a fifth had no tea breaks even if they stayed on the job. Luncheon vouchers are a perk still almost exclusively reserved to office workers.

Fixed meal allowances payable to non-management employees fall far behind the actual cost of buying meals away from work and bear no relation to the £20 a head the *Good Food Guide* reckoned could be paid for "deplorable food".

The most generous fixed allowance was £8 for a main evening meal paid by Berger Paints. More typical were companies paying £1.50 or less.

There was, though you could be forgiven for not noticing, a scrap of help for the unemployed in the Budget. Those drawing unemployment benefit will in future be allowed to earn £2 a day, but not 75p as before.

This is fine as far as it goes, though still way below the amounts that old age pensioners are allowed to gather.

There is, however, supposed to be a crack-down on those fraudulently receiving benefits. Detecting this sort of sponging has previously involved fraud officers staking out buildings with binoculars and walkie-talkie equipment. Now their task will be horribly complicated. Not only will they have to show that the unemployed are in fact working, but they will have to be able to show how much they are being paid as well.

I was in one of those art-crafty potters buying a present for somebody who likes that kind of thing, when I noticed a most incongruous poster which stated, without any artistic flourish at all, the penalties for shoplifting. The poster explained that he had been downstairs potters one day recently when he heard the door go in his otherwise unattended shop. He was just in time to chase and catch some boys who had run off with some of his ware. On returning with them to the shop, he caught a well-dressed old lady coming out with another lot. I think he should either move or make heavier pots.

Ross Davies

"1980 has been favourable for ROBECO investors"

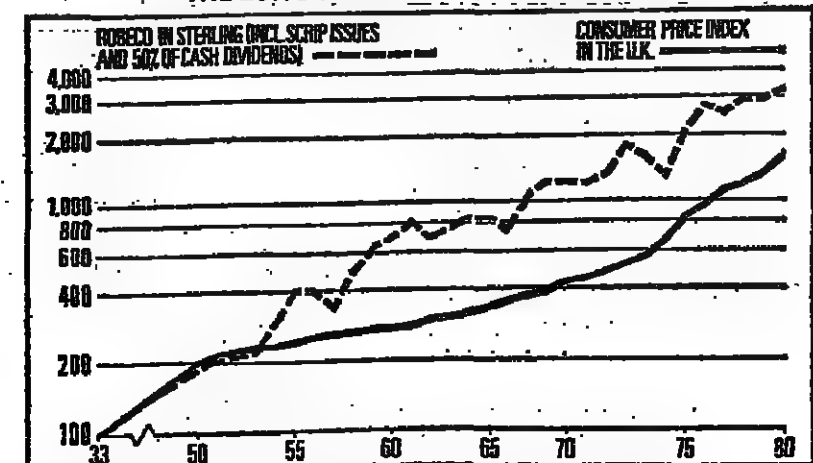
The Annual Report, just published, makes this evident.

* The cash dividend has been increased by 22% from Fls. 9 to Fls. 11 per share.

* The share price went up 27%, increasing further in 1981.

The 1980 results must be adjusted to take account of the appreciation of sterling.

THE LONG TERM GROWTH OF ROBECO



Other matters of interest in the Report include:

"A focus on France"

Investment policy

Full list of investments

Summary of purchases and sales.

Send for your copy of the Annual Report by writing to:



Dept. 351, P.O. Box 973, Rotterdam, Holland

FINANCIAL NEWS

Stock markets

Selective buying lifts electricals sector

Selective buying of electricals helped the new account to make a firm start yesterday in spite of low turnover.

Dealers complained of a subdued approach by investors unwilling to open new positions in the wake of last week's Budget proposals. One leading jobber said that the market appeared to be adopting a "wait-and-see" attitude.

Nevertheless, selective buying in a thin market and a lack of selling pressure saw prices advance across the board. Electricals were one sector particularly sensitive to the tight conditions with prices making strong headway first thing. But engineering shares were weaker as GKN tumbled 8p to 128p ahead of figures tomorrow.

The February trade figures, showing a current account surplus of £614m, were up to most expectations and provided the market with little in the way of inspiration.

However, sentiment was improved after hours by news that the Royal Bank of Scotland, whose shares had been active all morning, had been suspended 6p higher at 96p.

This was followed a little later by the suspension of Standard Chartered, 2p lower at 69p, and the announcement that the two were in talks which might lead to a merger. Interest was then focused on Grays' Holdings, a long time takeover favourite, which closed 20p higher at 183p, after 185p, while Bank of Scotland added 5p to 125p.

In the event the FT Index, having been 1.4 lower at 11 am, ended at its high for the day 2.6 up at 479.8.

Government securities maintained their recent strong run

which enabled the Government broker to sell more of the new "tag" Exchequer 12 1/2 per cent 1990 at its closing price of £151. The latest cut in United States prime rates by the Chase Manhattan and First National Bank of Chicago by 1 per cent to 17 1/2 per cent was mostly ignored. In long, gains of between 1/2 and 1 1/2 were reported while at the shorter end the rises were limited to around 1/2.

Leading industrialists spent a neglected day although prices were usually better on balance. ICI rallied 6p to 232p, in spite of the loss of another 1,000 jobs, while Becton hardened 4p to 165p. Unilever 3p to 483p and Fisons 5p to 133p.

The flurry of takeover activity did not extend to the four big clearers, which spent a quiet day unable to establish a price. Midland, the last of the four to announce figures, closed 5p lower at 315p, ahead of Friday's report, with Barclays shedding 14p at 381p. Lloyds advanced 3p to 308p and National Westminster finished all square at 351p.

Discount houses remained static in spite of last week's cut

in MLR, with Gillett Bros on 249p, Clive Discount on 48p, Gerard & National on 316p and Alexander on 262p, all unchanged. But in financials, Lloyds & Scottish, where Royal Bank of Scotland holds close

Saxon Oil has come from nowhere quickly. Put together less than a year ago under the sponsorship of Clyde Petroleum along with Gartmore and Electra House, Saxon has already raised £15m through a private placement and its success in last week's seventh round licences points to another cash-raising exercise soon. A quote on the unlisted securities market cannot be far away.

on 40 per cent, leap 14p to 167p on the merger news, with Bristol Evening Post the subject of an approach from Associated News, rallied a similar amount to 176p.

But in foods, Robertson Foods remained unchanged at 135p, after a circular to shareholders urging rejection of the bid from Avana 1p to 206p. Shares of Jamaica Sugar tumbled 15p to 20p on news that the Stock Exchange had decided to withdraw the quote following the closure of Mr Nicholas De Savary's offer.

Elsewhere on the takeover front, Gaylor Hotel 'A' jumped 2p to 168p awaiting further developments following its rejection of the bid from Trusthouse Forte, which rose

1p to 198p after its annual meeting. Tunnel Holdings 'A' climbed 5p to 388p after rejecting the bid from T. W. Ward, up 4p at 120p amid speculation that another bidder is waiting in the wings.

In papers, BPC rose 3p to 20p, still awaiting news of the bid from Pergamon Press, while Bristol Evening Post the subject of an approach from Associated News, rallied a similar amount to 176p.

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Still benefiting from recent figures, William Collins rose 7p to 158p.

Speculative demand lifted Ellenroad Mill 5p to 17p, Negretti & Zambra 10p to 35p, Crest Nicholson 1p to 160p, and South West Consolidated 4p to 31p.

Favourable brokers' circular gave Hawley Leisure a 3p fillip at 55p, with favourable mention helping Smiths Industries 7p at 317p, Thomas Walker 5p at 13p, Barratt Developments 4p at 202p, Meekathana 5p at 570p, Haden 8p at 232p and R. Kelvin Watson 4p at 99p.

But adverse comment about possible losses from its recent Fairway acquisition lopped 15p from S. Pearson at 206p. The resignation of its managing director hit MFI, down 4p to 53p.

Equity turnover on March 13, was £170.57m (20.22p bargains). Active stocks yesterday, according to the Exchange Telegraph, were Sound Diffusion, Brown Green, Crest Nicholson, British Home Stores, Rascal, Hawley Leisure, GEC, W. D. & H. O. Wills, Veeva, Blyvoors, Royal Bank of Scotland, F. M. Con. S. Pearson, Thorne & Milner, S. H. & S. Gadud.

Traditional options: Dealers reported increased activity yesterday. Calls were made in L. Turner and Newall, Massey Ferguson, Metal Box, Bunnell, Robertson Foods, Cons Gold and Bowater. A put was arranged in Brown and Jackson, and doubles completed in Thomas Borthwick, FNPC, and Cons Gold.

Traded options: A total of 505 contracts were made. Cons Gold attracted 152, Courts 131, Commercial Union 14, GEC 36, BP 21, and ICI 55.

Uncertainty in industry lifts Trade Indemnity

By Richard Allen Insurance Correspondent

Increasing fear of failure in industry is giving a huge boost to business carried out at Trade Indemnity, the publicly-quoted credit insurer controlled by leading insurance companies.

The group which indemnifies policy holders against losses sustained as a result of customers failing to pay for goods and services, yesterday reported a 23.5 per cent increase in premiums written last year to £26.9m.



Mr Peter Dugdale, chairman of Trade Indemnity.

Profits for the year work out 11 per cent higher at £5.2m, encouraging the group to lift the final dividend from 5.14p to 5.9p gross for a total for the year of 9.05p gross, an increase of more than 13 per cent.

The group, headed by Mr Peter Dugdale, stressed however that the 1980 profit figure includes an underwriting surplus up almost 18 per cent to £3.5m on the latest completed three-year account opened in 1978.

This account benefited substantially from better trading conditions during 1978, and most of 1979, before the onset of recession.

A clearer guide to current conditions in industry is given by the 5.2 per cent drop to just over £502,000 in the group's franked investment income, reflecting the return on Trade Indemnity's equity portfolio. Interest and other income increased just 5 per cent to £1.2m.

Metalrax drops in second half

Profits of Metalrax (Holdings) the Birmingham-based engineering group, fell from £2.53m to £1.86m in 1980, with most of the fall coming in the second half. Sales rose from £21.6m to £22.7m.

Metalrax has still raised the dividend from an effective 3.24p to 3.43p gross and the shares firm 2p to 45p yesterday. The dividend was covered one-and-a-half times by current earnings. Metalrax said 1981 would be a difficult year and short-term working was the rule rather than the exception. However, the company ended 1980 with improved liquidity and net cash resources of about £400,000.

Robertson takes Avana bid to Takeover Panel

By Peter Wilson-Smith

Robertson Foods, the subject of an unwelcome £18m bid from the Cardiff-based foods group, Avana, has reported Avana to the Takeover Panel.

Robertson says Avana has failed to comply with certain aspects of the Takeover Code.

A hard-hitting document was issued by Avana yesterday criticising Robertson's profit record and suggesting that Robertson was forecasting an after-tax loss of £400,000 for 1980-81 if extraordinary items were included. The Avana document also said that if Robertson shareholders do not accept the Avana offer, the Robertson shares would fall back to 97p.

A statement from Hill Samuel, merchant-bank advisers to Robertson, described the Avana document as "misleading" and pointed out that the Avana document did not carry the requisite directors' responsibility statement. This is required under Rule 14 (1) of the Takeover Code. Hill Samuel also said that Avana had not as required under the Takeover Code, repeated its own profit forecast in its latest letter.

A spokesman said these matters had been pointed out to the Takeover Panel and Hill Samuel understood that Avana would be asked "to rectify the omissions".

Hill Samuel said Avana's suggestion that Robertson had forecast a loss after exceptional and extraordinary items of £400,000 was misleading. In fact, Robertson had forecast a profit of £2.4m before extraordinary costs of £1.9m, most of which relate to the completed reorganization of the James Robertson "Colly" process activity.

Avana, the Cardiff-based food manufacturer headed by Sir Julian Hodge launched its takeover bid for Robertson at the time value of shares for four Robertson shares which at the time value Robertson at 144p, against a market price of 139p before the offer.

The bid for a group which had twice the sales but only half the profits of Avana was immediately dismissed by Mr Christopher Robertson, the Robertson chairman. The two had been involved in talks for a week during which Robertson had said it wished to remain independent.

Six months earlier, Robertson, was selling assets to reduce borrowings and by November had announced that pretax profits for the six months to the end of last September were down from £1.1m to £750,000.

Last week it was forecasting £2.4m profits for the year, which ends this month, compared with £2.5m last time and £2.7m two years ago.

BRITISH AMERICAN AND GENERAL TRUST LIMITED

"An International Investment Trust"

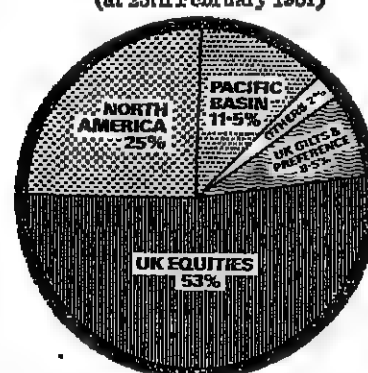
Year Ended 31st December 1980

● Final dividend 1.425p, making 2.35p for the year - an increase of 10.6%.

● Net Asset Value 63.9p - an increase of 22.4%.

● Investment policy - to continue the movement to put more money overseas, particularly in the USA and the Far East.

Distribution of Assets (at 25th February 1981)



Managers:

Kleinwort Benson

Copies of the Annual Report and Accounts can be obtained from The Secretary, 29 Fenchurch Street, London EC3

The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with limited liability

Announcement

1980 Results

The Directors announce that (subject to audit) the profit of The Hongkong Bank Group for the year ended 31 December 1980 was approximately HK\$1,431 million (1979 HK\$1,014 million). The profit was arrived at after providing for taxation and after making the normal transfers to inner reserves out of which provision for diminution in the value of assets has been made. Audited accounts will be published at a later date.

It is proposed to transfer HK\$150 million to the published reserves. For the reasons stated below, the Directors have declared a special interim dividend of HK\$0.47 per share in lieu of the final dividend at a total cost of HK\$523,689,972. It will be payable on 28 April 1981 to shareholders whose names are on the Register of Shareholders on 11 April 1981. These appropriations, together with the interim dividend of HK\$200,562,117 already paid, leave HK\$285,496,568 to be added to undistributed profit. The total distribution for the year will thus amount to HK\$734,252,089 (1979 HK\$512,757,260).

Properties in Hong Kong owned by the Bank and certain of its subsidiaries have been revalued on the basis of a professional valuation. This revaluation has resulted in a surplus of approximately HK\$4,400 million, which has been credited to the published reserves.

Bonus Issue

The Directors intend to recommend to shareholders at an Extraordinary General Meeting to be held on 9 April 1981 that the authorised capital of the Bank be doubled from HK\$4,000 million to HK\$8,000 million and that a bonus issue of shares be made in the proportion of one new share for every four shares held on 11 April 1981 by the capitalisation of HK\$696,396,237 from the reserve fund of which HK\$655 million will be charged to Share Premium Account. If that recommendation is approved, the reserve fund will be restored by the transfer of HK\$231,396,237 from the undistributed profits carried forward and HK\$400 million from inner reserves.

The bonus shares will not rank for the special interim dividend or for the rights issue referred to below but will rank *pari passu* with existing fully-paid shares in all other respects.

Rights Issue

The assets of The Hongkong Bank Group, both within Hong Kong and overseas, continue to increase rapidly. Although the Bank is in a very strong financial position, the Directors wish to ensure a proper balance between the assets and the capital base of the Bank. They accordingly announce that a rights issue of 167.1 million shares of HK\$2.50 each will be made to raise approximately HK\$2,005 million.

The Rights Shares will be provisionally allotted to those shareholders whose names are on the Register of Shareholders on 11 April 1981 in the proportion of three new shares for every ten existing shares then held. The issue price of HK\$12 per share will be payable as to 50 per cent (HK\$6 representing HK\$1.25 nominal value and HK\$4.75 premium per share) on acceptance not later than 5 May 1981 and the remaining 50 per cent on 22 October 1981.

Each partly-paid Rights Share will carry voting and dividend rights in proportion to the amount paid up. Partly-paid Rights Shares will, therefore, participate in the October 1981 interim dividend for the year ending 31 December 1981 as to 50 per cent of the rate applicable to the issued fully-paid shares. Subject to payment of the final call of HK\$6 per share on 22 October 1981, the Rights Shares will rank *pari passu* with the existing issued fully-paid shares and, therefore, in full for the final dividend for the year ending 31 December 1981. The Rights Shares will not rank for the bonus issue or for the special interim dividend referred to above.

The special interim dividend is of the same amount as the final dividend that the Directors would have recommended in the absence of the rights issue and is being paid in that form and before the close of the rights issue materially to assist shareholders who wish to take up their rights. For the same reason the October 1981 interim dividend will be paid on 15 October 1981 before the payment date of the final call.

The issue is being managed by Wardley Limited, Antony Gibbs & Sons Limited, and Solomon Brothers International and is fully underwritten. It is expected that rights issue documents will be posted to shareholders on 13 April 1981.

Closing of Register of Shareholders

The Register of Shareholders of the Bank will be closed from 21 March until 11 April 1981 (both dates inclusive) for the purpose of determining the identity of shareholders entitled to the bonus issue, the rights issue and the special interim dividend. No transfer of shares may be registered during that period.

Prospects for 1981

It is expected that the level of profits in 1981 will enable the Bank to pay an interim dividend of HK\$0.20 and a final dividend of HK\$0.40 per fully-paid share on the capital as increased by the bonus and rights issues.

By Order of the Board

F. R. Frame

Secretary

Hong Kong, 10 March 1981

Victor falls 27 pc in first half

By Our Financial Staff

Pretax profits of industrial and mining equipment maker Victor Products (Wallend) fell 27 per cent in the first half to last October from the record levels at the same time last year.

In August the board said it expected a small short-term downturn in sales to the National Coal Board, but expected to offset this by a resurgence of interest in North Sea oil activities and by a determined attack on export markets. It said that overall the company had budgeted for growth in excess of price increases in the current year, and that the first quarter was on target. It expected that this would be also true of the first half.

Yesterday the group revealed that on a 40 per cent increase in turnover to £54m, profits dropped from £730,000 to £510,000. However, the interim dividend is unchanged at 2.142p gross. The shares fell 8p to 168p.

Mr Leslie Mann, chairman, says in a statement which accompanies the figures that while significant growth in turnover was achieved in the half year, profit margins were "considerably" reduced. In the home market, the recession has held prices increases to levels well below those of sharply rising costs. Overseas, activity was maintained despite the strength of sterling, but only at the expense of a severe squeeze on margins. He said the two small acquisitions, made in September, had no significant effect on the results.

Since October, the National Coal Board has suffered problems which have adversely affected the company. The recent announcement of Government support for coal mining is unlikely to bring much benefit in the short term, said Mr Mann.

UK TRADE			
	Exports	Imports	
1979	4,397	40,887	44,184
1980	7,128	47,376	54,504
1981	3,200	10,767	13,967
1982	1,100	11,110	12,210
1983	3,424	3,571	6,995
1984	3,506	3,443	6,949
1985	4,110	3,948	8,058
1986	3,523	3,999	7,522
1987	3,424	3,948	7,372
1988	3,424	3,948	7,372

The following are the unit volume index numbers for the volume of trade in non-seasonally adjusted, issued yearly, by the Department of Trade.

(1975=100)			
	Volume	Imports	Exports
1979	125.6	125.6	106.1
1980	127.8	119.0	120.8
1981	128.3	120.2	120.8
1982	128.3	120.2	120.8
1983	128.3	120.2	120.8
1984	128.3	120.2	120.8
1985	128.3	120.2	120.8
1986	128.3	120.2	120.8
1987	128.3	120.2	120.8
1988	128.3	120.2	120.8
1989	128.3	120.2	120.8
1990	128.3	120.2	120.8
1991	128.3	120.2	120.8
1992	128.3	120.2	120.8
1993	128.3	120.2	120.8
1994	128.3	120.2	120.8
1995	128.3	120.2	120.8
1996	128.3	120.2	120.8
1997	128.3	120.2	120.8
1998	128.3	120.2	120.8
1999	128.3	120.2	120.8
2000	128.3	120.2	120.8

The following are the figures for the volume of retail sales recorded by the Department of Trade.

RETAIL SALES			
	Volume	Imports	Exports
1979	105.8	105.8	105.8
1980	105.8	105.8	105.8
1981	105.8	105.8	105.8
1982	105.8	105.8	105.8
1983	105.8	105.8	105.8
1984	105.8	105.8	105.8
1985	105.8	105.8	105.8
1986	105.8	105.8	105.8
1987	105.8	105.8	105.8
1988	105.8	105.8	105.8
1989	105.8	105.8	105.8
1990	105.8	105.8	105.8
1991	105.8	105.8	105.8
1992	105.8	105.8	105.8
1993	105.8	105.8	105.8
1994	105.8	105.8	105.8
1995	105.8	105.8	105.8
1996	105.8	105.8	105.8
1997	105.8	105.8	105.8
1998	105.8	105.8	105.8
1999	105.8	105.8	105.8
2000	105.8	105.8	105.8

Briefly

McMullen and Sons: Board proposed a 10 per cent increase in preference shares for every eight ordinary shares, and one new preference share for every eight preferred ordinary shares.

Kwaku: Pretax profit for half year to December 31 £42,000 (£34,000). Profit low because of reduced receipts of dividends. Number of leading companies cutting their dividends is expected to result in lower earnings for year.

Granada Group's offer for preference shares of Whitley Bay are now unconditional. Ordinary offer was already unconditional. Offers remain open until March 27. Acceptance of ordinary received in respect of 288,335 shares (£8.9 per share) and 75.4 per cent of preference.

Dundonian: Acquisition of planned savings (holdings) has been completed.

Seascope Holdings: Turnover for half year to November 30 £23.2m (£22.7m). Pretax profit £588,000 (£578,000) including interest and dividends received, £185,000 (£221,000).

C. & J. Clark: In his annual report, Mr David Clark, chairman, said shareholders that net sales for 1980 at £330.78m were 15 per cent up on 1979. However, profit before tax of £12.6m was 30 per cent down on 1979.

St. Pisan: A 29.57 per cent stake formerly held by Hongkong-based Gasco Investments (Netherlands) BV, a company set up for tax purposes to hold the shares, has been sold to Whitley Bay.

Haddow, a Warrington distributor of wallcoverings, paints and decorating materials and a subsidiary of Turner & Newall, has sold the assets of its Lancashire-based operation to PGW Holdings, a subsidiary of Glasgow, Jensen & Nisbet, for the sum of £400,000. It will remain a Glasgow business.

National Westminster Bank has launched Small Business Digest. At same time group has said that it is doubling to 5,000 the maximum loan allowed under its capital loan scheme.

Greenbank Trust: Tilley & Co has sold 30,000 shares in Greenbank Trust for associates of Greenbank.

Renold Limited: Renold Limited announces changes in its corporate structure to take effect from March 30, 1981. The company will divest itself of its trading activities and operate as a holding company. The most part of these trading activities will be transferred to a new subsidiary company, Renold Power Transmission, which will be fully responsible for its own marketing and production operations.

James Fisher and Sons: Turnover for 1980 £14.52m (£12.82m). Pretax profit £3.03m (£2.96m). Eps 12.06p (£12.46p). Dividend 2.15p net (1.75p adjusted).

net (1.75p adjusted).

INDUSTRIAL OUTPUT

The following are the index numbers for industrial production in June, seasonally adjusted, released by the Central Statistical Office yesterday (1975 =

FINANCIAL NEWS

W Canning ahead despite second-half setback

By Peter Wilson-Smith

Profits of W. Canning, the industrial holding company, fell by a third to £615,000 in the second half of 1980 as the recession began to bite. But after the strong first half, when profits nearly doubled, Canning still ended its 60th year as a public company with profits ahead by 13 per cent to £1.63m. Sales increased at the same rate to £82.2m.

Worst hit by the fall-off in demand, were the process plant operations. Two companies, W. Canning Engineering and Holyhead Engineering, made combined trading losses of £750,000 — up from £390,000 the year before. Both have been slimmed down and overheads reduced. The workforce at W. Canning Engineering was halved and the order book is now strong; so barring a further slump in demand, there should be no further losses. The outlook at Holyhead is less certain, but the workload is reasonable.

Canning reduced the group workforce by 425 to 1,400 during 1980 and redundancy costs

were the main item in the £321,000 extraordinary debit. The restructuring has freed properties which realized £503,000 last year and further properties, in the books at £321,000, will be sold in 1981.

These asset sales, together with savings from working capital, helped to contain borrowings which have fallen as a percentage of shareholders' funds from 56 to 37 per cent. This was before including a £897,000 surplus on property values. Interest charges also fell from £928,000 to £876,000.

The group's metal recovery, chemicals and electronic distribution companies all performed well in 1980 and the Australian subsidiary, which lost £203,000 in 1979 turned round to a £45,000 profit.

But Canning says the prospects for United Kingdom manufacturing are gloomy with no sign of recovery from the depressed levels experienced towards the end of last year.

Because of the state of the

economy and the need to conserve cash Canning is paying an unchanged dividend of 5.68p gross. Under current cost accounting, which reduces pre-tax profits to £922,000, the dividend cover was 1.1.

Canning is proposing to change its articles of association to enable it to withhold voting rights from nominee shareholders, who will not disclose the beneficial owner. The move is a precaution against foreign predators secretly building up a stake in the company.

Canning said yesterday that there had not been any signs of nominees buying shares nor had the group had any takeover approaches.

Fairey Holdings

Mr Angus Murray was incorrectly described in yesterday's Business News as managing director of Fairey Holdings; he is in fact deputy chairman. Mr Kenneth Bacon is the group chief executive.

Review of brokers' charges due soon

By Philip Robinson

The results of the first major study in five years into the charges paid by investors to their stockbrokers should be before the full Stock Exchange Council within three months.

Since 1978—two years after the Stock Exchange last reviewed the minimum commission to be charged—the Commissions and Dealings Committee of the Exchange has been conducting surveys on levels of business, income and expenditure. The results, with a recommendation, are expected to be with the Stock Exchange before June when Mr Peter Stevens retires after three years as committee chairman.

The committee has taken a survey selecting one in every 200 bargains and further survey monitoring 1 in 50 transactions of member firms. It has also taken the cost and income survey for 1979 and 1980 from one in five member firms.

The committee is still sifting through the survey information which is designed to give an indication of investing trends and commission, versus costs. It could be that they will eventually recommend that the system remains unchanged.

Most stockbrokers have already increased the charge to investors as minimum commissions have fallen out of line with inflation. But the decision which it is thought the Exchange will have to make is whether the minimum charges should be increased to the current level of real charges being paid by investors, or whether they should remain where they are.

The current minimum charge for a bargain worth up to £467 is 17, or 13 per cent. For an average £100,000 bargain the charge is 0.4 per cent, and for a bargain over £1.7m it is 0.125 per cent.

Waterford Glass holds dividend despite fall

The board of Waterford Glass says that the reduction in pre-tax profits from £11.6m to £11.85m for 1980 was mainly the result of the international recession. Turnover went up from £113.54m to £115.40m.

Announcing a maintained dividend of 1.51p, the board says that the group's results were not expected to be up on last year. However, the recession deepened in the second half with adverse effects on nearly every member of the group.

The board decided to hold the dividend in view of the overall strength of the company and the possibility of an improvement in the present recessionary trend during 1981.

H. Woodward

down for year

Although turnover of H. Woodward & Sons rose from

£11.28m to £11.97m, in the year to September 30, taxable profits dropped from £431,000 to £305,500. Earnings a share were 13.65p against 11.15p, and the dividend was held at 3.14p gross.

Group profits include an extraordinary item in respect of the surplus arising on members' voluntary liquidation of a subsidiary amounting to £28,000 net of tax.

Tangent purchase from Airfix receiver

Tangent Industries, one of the United Kingdom's largest independent and privately owned printers and related service companies, has acquired certain assets and the business of the specialist Airfix subsidiary Benchmark Design from the company's official receivers for an undisclosed cash sum.

It is the first purchase of a former Airfix asset. It was a

profitable division of that company when it was put into receivership last January.

Although Benchmark provided design consultancy for some Airfix subsidiaries, the majority of its £500,000 1980 turnover was as an outside consultant in interior, product and graphic design for clients such as Levi Strauss, Boots and Ryman.

Enserch to assist takeover inquiry

Enserch has announced that it will cooperate fully with, and present its case to, the Monopolies and Mergers Commission in connection with the commission's investigations into its proposed takeover of Davy Corporation. Enserch announced on March 3 that its proposed offer for the whole of the issued ordinary share capital of Davy had lapsed automatically on the decision of the Secretary of State for Trade to refer the pro-

posed merger to the commission.

By order of the United States Federal District Court of Washington, all proceedings in a suit filed by Davy against Enserch seeking to enjoin Enserch from making the proposed offer have been stayed.

Swedish issue is new type for London

The first ever tender issue on a yield basis in Britain is being launched by Sweden. It is a £50m loan stock running to 1986 available in bearer or registered form. Half of each £100 unit is payable on application next Tuesday and half on April 22. The stock which runs to just under five years will be quoted as a short-term gilt on the Stock Exchange. Applicants will have to offer the interest rate they are prepared to accept for each loan unit. The issue is managed by Morgan Grenfell and S. G. Warburg.

Bank Base Rates

ABN Bank	12%
Barclays	12%
BCCI	12%
Consolidated Creds	14%
C. Moore & Co	12%
Lloyds Bank	12%
Midland Bank	12%
Nat Westminster	12%
TSB	12%
Williams and Glyn's	12%

* 7 day deposit on sums of £10,000 and under 9% up to £50,000 10% over

Private placing raises £2m for computer group

The board of Spanverne Investments announces that a private placing of 1,212,000 25p ordinary shares at 165p per share has been completed by Robert Fleming and Co. in conjunction with stockbrokers Kitkat and Aitken.

The shares have been placed with a number of UK institutions and the placing has raised £2m, including some £228,000 for certain existing shareholders. The enlarged issued share capital amounts to £1,002,295 and capitalizes the group (at the placing price) at £6.6m.

The largest subsidiary is Digico Limited which has been manufacturing a wide range of high quality minicomputers in the United Kingdom for some 15 years. Digico has enjoyed considerable expansion in recent years and expects to announce shortly a move into microcomputers.

For the year ended September 30, 1980, consolidated profit before tax of Spanverne was £310,000 on turnover of £5.5m. Net tangible assets at that date amounted to £1.25m (£2.89m adjusted for the placing).

Wereldhave raises profits by 22 pc

By Our Financial Staff

Milford Docks, the scene of many boardroom tussles over the last few years, learned yesterday that Mr Richard Eldridge, who led the group of dissenting shareholders, has consolidated his stake in the company.

Mr Eldridge, who recently won his long fight to gain representation on the board, has consolidated his stake under the private investment group, North Ambersham Investments, North Ambersham, where Mr Eldridge is the main shareholder, holds 10.7 per cent of Milford Docks and has brought together the holdings of a number of shareholders who previously acted in concert with him.

Additional investments were made in the United States and the group's total investment there is now 21 per cent.

International

During the year West World Holding, Inc. was set up. Wereldhave transferred its American investments to it on July 31, and other institutional and individual investors were given the opportunity of participating through this investment fund in large-scale commercial properties in the United States.

Wereldhave held a 61 per cent share in West World Holding, as at December 31. The results, assets and liabilities are consolidated proportionately in Wereldhave's annual accounts.

Seltrust profit tops \$A4m

In the year to December 31, last, Seltrust Holdings' net profit reached \$A4.1m (£2.15m), compared with \$A1.06m for the first four months of its existence to December 31, 1979. Turnover rose from \$A11.41m to \$A63.52m, while other income was up from \$A728,000 to \$A2.26m. As last time, no final dividend is being paid on the \$A2.26m share value, but a final 8.75 cents is being paid on the "Z" ordinarys; the previous dividend, for the 10 months to June 30, was 13.12 cents on the fully paid and 6.56 cents on the partly paid units.

All the "Z" stock is now fully paid. Meanwhile, Seltrust, which is based in Perth, reports that its Agnew nickel mine is still beset by problems which have led to costs exceeding the value of production. The difficulties include dilution of ore and metallurgical problems.

Seltrust noted that output from the Mount Newman mine was also hurt by a high level of industrial disruption and bad weather in the first half of the year.

The company paid no tax, as investment allowances to which it is entitled exceed the net profit.

Business appointments

Boardroom changes at Consolidated Gold Fields

Mr Anthony P. Eichen has joined the board of Consolidated Gold Fields as managing director of finance with effect from August. Mr David O. Lloyd-Jacob, present managing director of finance, will resume full-time responsibility for the development of Gold Fields' interests in North America.

Mr Peter D. Fells and Mr George S. J. Gause have been appointed executive directors of the company with effect from April 9.

Sir John Read, chairman of the TSB Group, has appointed Mr C. Mather as chairman of United Dominions Trust.

Mr David Hurst has been appointed director, truck sales, for Ford of Britain.

Mr Michael Orr will join the board of Grand Metropolitan from June 1 as group finance director. Mr Clifford J. Smith will be appointed assistant group managing director on the same date.

Mr William Samengo-Turner, chairman and chief executive of Armaco Financial Services Europe, has been appointed country manager with responsibility for Armaco's operations in the United Kingdom.

Sir Jack Rampton has been appointed to the board of London Atlantic Investment Trust.

Mr Stephen B. Beaumont has been appointed a director of Glenage Properties.

Mr Ronald Ogle has been appointed to the board of International Stores with effect from March 31.

Mr Michael Jones has been appointed a trustee of the Grosvenor Estate.

Mr John G. Plackett has been appointed a trustee of the Lyndersay Estates, the company engaged in the redevelopment of Surrey Docks.

Mr A. E. McCormack, formally assistant managing director of the rolled products division of the British Aluminium Co. has been appointed to the new post of director of primary metal sales.

Mr H. E. Harrington, commercial director of the rolled products division, has been appointed sales director of the rolled products division with effect from April 1.

Mr Stanley Kelly has joined the board of the Declan Kelly Associates Group. In addition, he has been appointed joint managing director of Kelly Homes, the house-building arm of the group.

Mr Christopher Latter has joined Brown & Jackson as group legal director.

Mr Michael Jones has been appointed steel division director, Sandvik, and joins the company's main board.

Mr Nigel Donaldson has been appointed sales director of Thomson Directories.

Mr David Small has been appointed assistant general manager, planning, at the Woolwich Equitable Building Society.

Dr Alfredo G. Mazza has been appointed by Memorex as vice president, international operations support.

Mr John C. Plackett has been appointed a director of Duracell Europe, a division of Duracell International Inc. and managing director of Duracell Batteries. Mr Peter Scheuch has been appointed vice-president of consumer and technical marketing for Duracell Europe and a director of Duracell Batteries.

Mr Malcolm Reynolds, senior partner of Reynolds Johnson & Green, and a director of Alexander Howden Group, has been appointed a non-executive director of Suter Electrical.

The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with limited liability

Ordinary Yearly General Meeting:

Notice is hereby given that the Ordinary Yearly General Meeting of the shareholders of the Bank will be held in the City Hall, Hong Kong, at 12 noon on Thursday 14 May 1981 to transact the following ordinary business:

1. to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors for the year ended 31 December 1980;
2. to elect Directors; and
3. to appoint Auditors and fix their remuneration

and to consider and (if thought fit) pass the following Ordinary Resolution by way of special business:

"That a general mandate be and is hereby unconditionally given to the Directors to issue and dispose of additional shares not exceeding ten per cent of the issued share capital of the Bank."

By Order of the Board
F R Frame
Secretary

Hong Kong, 10 March 1981

BUDGET CHEER FOR NATWEST PERSONAL CUSTOMERS!

Following the Chancellor's reduction of Minimum Lending Rate in the Budget, typical rates charged for NatWest personal lending services are now as shown below.

Mortgages for Home Buyers

NatWest offer mortgages of between £10,000 and £100,000. Right across this range, the same interest rate—varying directly with Base Rate—is charged. A typical annual percentage rate is 15.2%.

Home Improvement Loans

Whether you want to install central heating, build an extra room in the loft, add an extension or rewire the house, a NatWest Home Improvement Loan with monthly repayments for the agreed term of the loan could get things moving now. A typical annual percentage rate is 18.3%. Loans for purchase or improvement of property may be eligible for income tax relief on the interest.

Buying a new car

A NatWest Personal Loan with monthly repayments is a good way of buying that new car you've promised yourself. A typical annual percentage rate is 18.9%.

Other major purchases

NatWest Personal Loans can be used to purchase a wide variety of items. You know right at the outset how much you'll have to repay each month.

For full details of these and other services, including Budget Accounts and Access, talk to your local NatWest Branch Manager or write to Bryan Connors at National Westminster Bank Limited, 200 Pentonville Road, London, N1 9HL. Lending services are only available to persons aged 18 and over.

National Westminster Bank Limited

NATWEST BASE RATE DOWN TO 12% CHEAPER LOANS FOR BUSINESS AND FARMING CUSTOMERS

Following the Chancellor's reduction of Minimum Lending Rate in the Budget, NatWest has reduced its base rate by 2%. This has made the wide range of NatWest's lending services to business, industry and the farming community even more attractive.

Business Development Loans

NatWest has a special scheme to provide extended credit for growing and successful businesses, with repayments which stay the same for the agreed term of the loan. This helps considerably with forward planning for cash flow and pricing. Loans are available from £2,000 to £100,000 for up to 10 years at 7½%-9% p.a. flat. These loans may be used for specific purchases or to increase working capital.

Farm Development Loans

NatWest also has a similar special scheme to provide extended credit to farmers. These loans may be used for livestock and machinery purchases, new buildings or modernisation of existing buildings and other projects such as drainage or fertilisation.

Small Businesses

NatWest is pleased to discuss how it can help businesses to grow—even one person starting up on his/her own. NatWest will be participating in the Small Firms Loan Guarantee Scheme announced by the Chancellor.

For full details of any of NatWest's services talk to your local NatWest Branch Manager.

National Westminster Bank Limited

§ Forward-bargains are permitted on two previous days

[illegible]

Salerooms and Antiques



8 King Street, St James's
London SW1Y 6QT Tel: 01-839 9060
Telex 916429 Telegrams CHRISTIART
London SW1

Tuesday, 17 March at 10 a.m.
ANCIENT COINS. Catalogue £1.25.
Tuesday, 17 March at 11 a.m.
FINE JAPANESE PRINTS, PAINTINGS AND SCREENS.
Catalogue £2.
Wednesday, 18 March at 11 a.m.
IMPORTANT JEWELS. Catalogue £2.30.
Wednesday, 18 March at 11 a.m.
VALUABLE NATURAL HISTORY AND TRAVEL
BOOKS, including a Fine Ornithological Collection.
Catalogue £4.30.
Thursday, 19 March at 11 a.m.
LATE 18TH AND 19TH CENTURY CONTINENTAL
DRAWINGS. Catalogue £2.80.
Thursday, 19 March at 11 a.m.
FINE CONTINENTAL FURNITURE AND TAPESTRIES.
Catalogue £3.50.
Thursday, 19 March at 11 a.m. and 2.30 p.m.
FINEST AND RAREST WINES AND COLLECTORS'
PIECES. Catalogue £1.30.
Friday, 20 March at 11 a.m.
IMPORTANT CONTINENTAL PICTURES OF THE 17TH
AND 18TH CENTURIES AND PICTURES OF ISLAMIC
INTEREST. Catalogue £5.
Monday, 23 March at 11.30 a.m.
MODERN SPORTING GUNS AND RIFLES, VINTAGE
FIREARMS. Catalogue £1.30.
Tuesday, 24 March at 11 a.m.
IMPORTANT ENGLISH DRAWINGS AND WATER-
COLOURS. Catalogue £5.
OVERSEAS SALES
IN ROOM
AT THE PALAZZO MASSIMO LANCELOTTI
Thursday, 19 March at 4 p.m. and 9 p.m.
PRINTED BOOKS, INCLUDING ART REFERENCE,
TRAVEL AND ATLASES. Catalogue £2.
IN HOLLAND
AT ROBINSON'S, AMSTERDAM
Thursday, 19 March at 10.30 a.m. and 2.30 p.m.
ASIATIC CERAMICS AND WORKS OF ART.
Catalogue £3.

SUNDAY VIEW
Christie's King Street will be open on Sunday, 29
March, from 2 p.m. to 5 p.m., for a special view of
the Twenty-Eight Works from the Edward James
Collection, Impressionist and Modern Paintings,
Drawings, Watercolours and Sculpture.

All catalogue prices are post paid.
All sales subject to the conditions printed in the
catalogue.
For details of sales at Christie's South Kensington,
please contact 85 Brompton Road, London, S.W.7.
Tel: 01-581 2321.

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Salerooms and Antiques
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Sotheby's

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Sotheby's Prebent & Co., 24-25 New Bond Street,
London W1A 2AA Telephone: (01) 493 8080

Tuesday 17th March at 10.30 am
FINE CHINESE EXPORT PORCELAIN
Cat. (189 illus.) £6.50

Thursday 18th March at 11 am
PRINTED BOOKS Cat. (211 illus.) £2

Wednesday 18th March at 11 am
17th, 18th and 19th CENTURY BRITISH
PAINTINGS Cat. (214 illus.) £10

Wednesday 18th March at 11 am
JAPANESE SWORDS AND SWORD FITTINGS
Cat. (58 illus.) £2.50

Wednesday 18th March at 2.30 pm
JAPANESE PRINTS AND ILLUSTRATED
BOOKS, CHINESE AND JAPANESE DRAWINGS
AND PAINTINGS Cat. (30 illus.) £1.50

Thursday 19th March at 11 am
JEWELS Cat. (15 illus.) £1.50

Thursday 19th March at 11 am
ENGLISH AND FOREIGN SILVER AND
PLATE Cat. £1.50

Thursday 19th March at 2.30 pm
18th and 19th CENTURY BRITISH
WATERCOLOURS AND DRAWINGS
Cat. (20 illus.) £2

Monday 23rd March at 10.30 am
BONDS AND OLD SECURITIES Cat. (19 illus.) £1

Monday 23rd March and following day at 11 am
AUTOGRAPH LETTERS, LITERARY
MANUSCRIPTS AND HISTORICAL
DOCUMENTS Cat. £3.50

Other salerooms and offices: Bournemouth (0202) 294451/6; Cambridge (0223) 67624/5; Cheltenham (0242) 510500; Edinburgh (031) 226 7201;
Glasgow (043) 221 4817; Harrogate (0433) 501466; Slane Drogheda 24401; Taunton (0823) 88441; Torquay (0803) 26277

Belgravia

Sotheby's Belgravia, 19 Motcomb Street,
London SW1X 8LS Telephone: (01) 235 4311

Wednesday 18th March at 10.30 am at Belgravia, and
Wednesday 25th March at 10 am and 2.30 pm at the
Conduit Street Gallery, 26 Conduit Street, W1

FINE WINES, SPIRITS AND VINTAGE PORT
Cat. £1

Thursday 19th March at 10.30 am
ART POTTERY AND STUDIO CERAMICS
Cat. (86 illus.) £1.25

Friday 20th March at 11 am
CAMERAS, VIEWERS AND OPTICAL
AMUSEMENTS Cat. (35 illus.) 80p

Monday 23rd March at 7 pm
HIGHLY IMPORTANT VICTORIAN PAINTINGS
AND DRAWINGS Cat. (85 illus.) £10

Tuesday 24th March at 11 am
FINE VICTORIAN PAINTINGS, DRAWINGS
AND WATERCOLOURS Cat. (38 illus.) £5

Chancery Lane

115 Chancery Lane (Hodgson's Rooms),
London WC2A 1EX Telephone: (01) 405 7236

Thursday 19th March at 2 pm
AMERICAN, BRITISH AND EUROPEAN
CHILDREN'S BOOKS FROM THE 18th
CENTURY TO THE PRESENT DAY
Cat. (75 illus.) £1.50

Chester

Sotheby's Chester, 24-25 Watergate Street,
Chester CH1 2NA Telephone: (0244) 315531

Wednesday 25th March at 11.30 am
COLLECTORS' ITEMS INCLUDING TOYS,
DOLLS, MODEL SHIPS, SCIENTIFIC
INSTRUMENTS, TEXTILES, MECHANICAL
MUSIC, DOMESTIC AND OFFICE EQUIPMENT
AND EPHEMERA Cat. £1

Friday 27th March at 11.30 am
EUROPEAN CERAMICS AND GLASS
Cat. £1.50

Pulborough

Sotheby's King and Chesham, Station Road,
Pulborough, West Sussex RH20 1AJ
Telephone: (07982) 3831

Tuesday 24th March at 10.30 am and 2 pm
17th-19th CENTURY OAK FURNITURE,
METAL WORK, WORKS OF ART AND EASTERN
CARPETS AND RUGS

Wednesday 25th March at 10.30 am and 2 pm
ENGLISH AND CONTINENTAL CERAMICS,
GLASS, ORIENTAL CERAMICS AND
FURNITURE, AND EASTERN WORKS OF ART
Cat. £1.50

Catalogues may be purchased at our salerooms or by post
from Catalogue Department,
24-25 New Bond Street, London W1A 2AA

Phillips

Tuesday, 17 March 11 a.m.
FURNITURE, CARPETS AND WORKS OF ART

Tuesday, 17 March 2 p.m.
ETHNOGRAPHICAL ITEMS AND ANTIQUITIES

Wednesday, 18 March 11 a.m.
CHINESE AND JAPANESE CERAMICS AND
WORKS OF ART

Wednesday, 18 March 12 noon
PHOTOGRAPHIA

Viewing: Day prior 9 a.m.-4.30 p.m. and morning of
sale until 11 a.m. Illustrated catalogue 80p by post.

Thursday, 19 March 10 a.m.
FINE FURS including fine quality mink coats and
jackets by Direction of Executors; exceptionally
fine black lambskin, Russian sable, and fox coats
and hats; together with every type of fur in all
price range.

Viewing: Tuesday 10 a.m.-7 p.m., Wednesday 10 a.m.-
4 p.m.

Thursday, 19 March 11 a.m.
BRITISH COMMONWEALTH POSTAGE STAMPS

Friday, 20 March 11 a.m.
SILVER AND PLATE
Illustrated catalogue 75p by post.

Monday, 23 March 11 a.m.
FURNITURE, CARPETS AND OBJECTS

Monday, 23 March 11 a.m.
FINE WATERCOLOURS AND DRAWINGS
Illustrated catalogue £2.75 by post.

Tuesday, 24 March 11 a.m.
FURNITURE, CARPETS AND WORKS OF ART

Tuesday, 24 March 1.30 p.m.
FINE JEWELS
Illustrated catalogue £3 by post.

Catalogues 20p by post. London and day before sale only. Outside London add 10p.

7 Beckett Street, New Bond Street, London, W1A 2AA. Telephone: 01-222 6602.

Sale No. 13: Important Numismatic Literature
at Quinlan's on March 18th.

Sale No. 14: English gold coins and other British coins
at Quinlan's on March 19th.

Catalogues on request.

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Spink & Son Ltd., 8 King Street, London, W1A 2AA. Tel: 01-222 6602

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Harrods

ESTATE OFFICES

This week's

AUCTION SALES

Wednesday 18th March

10.30 a.m.

ANTIQUE & MODERN

FURNITURE

10.30 a.m.

SECONDARY SALE

10.30 a.m.

PRINTED BOOKS

10.30 a.m.

View today

10.30 a.m.

ARUNDEL TERRACE,

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Future special sale: 1st

2nd April - Ceramics & Textiles

16th April - Paintings & Prints

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48 44

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